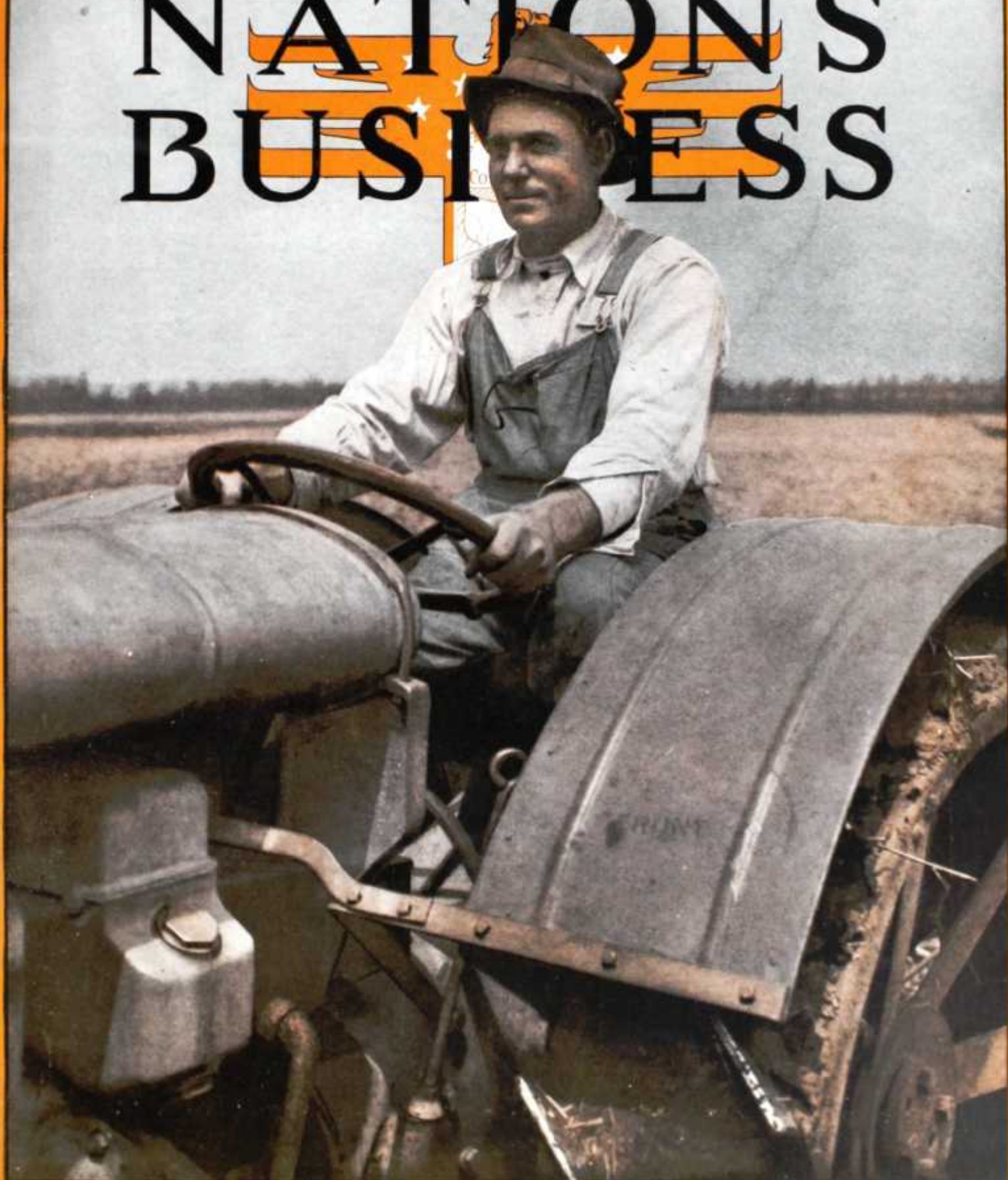


May - 1921

25 Cents

# THE NATION'S BUSINESS







# Ship and Sail under the Stars and Stripes Keep our ships on the Seven Seas!

## UNITED STATES SHIPPING BOARD SERVICES

### MERCHANT MARINE ACT, 1920.

An Act to provide for the promotion and maintenance of the American Merchant Marine.

It is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce; ultimately to be owned and operated privately by citizens of the United States.

### To All Parts of the World

### SHIPPING ACT, 1916.

An Act to establish a United States Shipping Board for the purpose of encouraging, developing, and creating a naval auxiliary and naval reserve and a merchant marine to meet the requirements of the commerce of the United States with its Territories and possessions and with foreign countries; to regulate carriers by water engaged in the foreign and interstate commerce of the United States; and for other purposes.

### PASSENGER SERVICES

#### New York to Seattle.

1—Keystone State, May 1st (estimated sailing date).

#### Baltimore via San Francisco to Honolulu.

2—Buckeye State, May 7th.

#### San Francisco to Orient via Honolulu, Yokohama, Kobe, Shanghai, Manila, Hongkong.

5—Golden State, May 28th.

#### San Francisco to East Indian Service via Honolulu, Manila, Saigon, Singapore, Colombo, Calcutta.

5—Granite State, April 12th. 5—Crooks State, May 1st.

5—Wolverine State, June 7th.

#### Seattle to Orient via Victoria, Yokohama, Kobe, Nagasaki, Hongkong, Shanghai, Manila.

1—Wenatchee, April 9th.

#### New York to East Coast South America via Rio de Janeiro, Santos, Montevideo, Buenos Aires.

5—Huron, March 23rd. 3—Aetna, April 6th.

3—Martha Washington, April 25th.

#### New York to Boulogne, London.

6—Old North State, March 29th-May 3rd.

6—Panhandle State, April 10th-May 24th.

#### New York to Spain.

7—Black Arrow, April 23rd.

#### New York to Porto Rico via San Juan, Arcebo, Aguadilla, Mayaguez, Guanico, Ponce, Jago, Arroyo.

4—Forto Rico, April 13th.

#### Europe to New York via London and Boulogne.

6—Old North State, April 14th.

#### Europe to New York via Danzig.

6—Susquehanna, April 26th.

#### Europe to New York via Bremen.

6—Susquehanna, April 30th.

#### Europe to New York via London and Boulogne.

6—Panhandle State, May 5th.

#### New York to Europe via Bremen and Danzig.

6—Antigua, May 7th.

Return New York via Danzig, May 28th.

#### New York to Europe via Boulogne and London.

6—Old North State, May 3rd.

Return New York via London and Boulogne, May 19th.

#### New York to Europe via Bremen and Danzig.

6—Susquehanna, May 1st.

Return New York via Danzig, June 9th; via Bremen, June 14th.

#### Europe to New York via London and Boulogne.

6—Panhandle State, June 9th.

#### New York to Europe via Boulogne and London.

6—Old North State, June 7th.

Return New York via London and Boulogne, June 23rd.

#### New York to Europe via Bremen and Danzig.

6—Antigua, June 23th.

Return New York via Danzig, July 16th.

#### New York to Europe via Boulogne and London.

6—Panhandle State, June 28th.

Return New York via London and Boulogne, July 14th.

Key number before ships name indicates name and address of steamship company in the following list:

### Operators of Passenger Services

- 1 Admiral Line,  
17 State St., New York City
- 2 Matson Navigating Co.,  
120 Market St., San Francisco
- 3 Munson Steam Ship Line,  
82 Beaver St., New York City.
- 4 New York and Porto Rico S. S. Co.,  
11 Broadway, New York City.
- 5 Pacific Mail S. S. Co.,  
7 Hanover Square, New York City.
- 6 U. S. Mail S. S. Co.,  
45 Broadway, New York City.
- 7 Ward Line,  
(New York and Cuba Mail S. S. Co.)  
Foot of Wall St., New York City.

### PASSENGER SERVICES

#### New York to Europe via Bremen and Danzig.

6—Susquehanna, July 5th.

Return New York via Danzig, July 24th; via Bremen, July 29th.

#### New York to Europe via Boulogne and London.

6—Old North State, July 12th.

Return New York via London and Boulogne, July 28th.

#### New York to Europe via Boulogne and London.

6—Panhandle State, August 2nd.

Return New York via London and Boulogne, August 18th.

#### New York to Europe via Boulogne and London.

6—Old North State, August 10th.

Return New York via London and Boulogne, September 1st.

#### New York to Europe via Bremen and Danzig.

6—Susquehanna, August 18th.

Return New York via Danzig, September 6th; via Bremen, September 10th.

#### New York to Europe via Boulogne and London.

6—Panhandle State, September 6th.

Return New York via London and Boulogne, September 22nd.

#### New York to Europe via Boulogne and London.

6—Old North State, September 20th.

Return New York via London and Boulogne, October 6th.

#### New York to Italy via Naples and Genoa.

6—Pocahontas, April 7th.

Return New York via Genoa, April 28th; from Naples, April 30th.

#### New York to Italy via Naples and Genoa.

6—Princess Matilda, April 21st.

Return New York from Genoa, May 12th; from Naples, May 14th.

#### New York to Italy via Naples and Genoa.

6—Pocahontas, May 19th.

Return New York from Genoa, June 9th; from Naples, June 11th.

#### New York to Italy via Naples and Genoa.

6—Princess Matilda, June 2nd.

Return New York from Genoa, June 23rd; from Naples, June 25th.

#### New York to Italy via Naples and Genoa.

6—Pocahontas, June 30th.

Return New York via Genoa, July 22nd; via Naples, July 23rd.

#### New York to Italy via Naples and Genoa.

6—Princess Matilda, July 14th.

Return New York via Genoa, August 4th; via Naples, August 6th.

#### New York to Italy via Naples and Genoa.

6—Pocahontas, August 11th.

Return New York via Genoa, September 1st; via Naples, September 3rd.

#### New York to Italy via Naples and Genoa.

6—Princess Matilda, August 25th.

Return New York via Genoa, September 15th; via Naples, September 17th.

#### New York to Italy via Naples and Genoa.

6—Pocahontas, September 22nd.

Return New York via Genoa, October 13th; via Naples, October 15th.

FOR SAILINGS OF FREIGHT SHIPS TO ALL PARTS OF THE WORLD WRITE DIVISION OF OPERATIONS, TRAFFIC DEPARTMENT, U. S. SHIPPING BOARD EMERGENCY FLEET CORPORATION, WASHINGTON, D. C.



## Business Meets New Conditions

American business has been clearing decks. Budgets have been revised. Every buying, selling and production unit has been overhauled and made ready for intensive service. Economy has been the test—economy of time and effort.

In any study of functions and readjusting of methods, the work done by your bank balance should not be overlooked. Has it been merely a checking account and a basis for commercial credit? Or has it brought to the aid of your organization other constructive services? Are you making use now of all the help it should provide?

Many business men who carry deposits with the Irving or with Irving correspondents have discovered broader service possibilities in their banking connections. The Irving investigates markets as well as credits, expedites deliveries of merchandise as well as collections, supplements the information resources of its customers both in domestic and foreign fields. Every transaction it undertakes, either at home or over-seas, is handled with a clear understanding of business essentials as well as of banking requirements.

## IRVING NATIONAL BANK

WOOLWORTH BUILDING, NEW YORK



1851-1921: SEVENTY YEARS A BUSINESS BANK

The Nation's Business is published on the 10th of every month by the Chamber of Commerce of the United States, Mills Building, Washington, D. C. Subscription price \$3.00 a year; \$5.00 two years; \$7.50 three years; 25 cents a copy. Canadian subscription price \$5.00 a year; 25 cents a copy. Foreign subscription price \$4.00 a year; 40 cents a copy. Entered as second-class matter March 20, 1910, at the Post Office at Washington, D. C., under the Act of March 3, 1879.



The small view below shows an Economy Portable Elevator put to the special use of raising and holding an overhead radiator while workmen fasten it in place.



In the photograph above, an Economy Portable Elevator is used in conjunction with Economy Storage Racks to facilitate storage and handling of tub boxes. These are placed in separate tiers, each readily accessible.

The large picture shows an aisle in the warehouse of the U. S. Cold Storage Co., Chicago, where time and labor are saved by means of an Economy Portable Elevator. Details are given below.

## 4 Men do 2½ times the Work of 5

FIVE MEN, using skids, toiled ten hours to pile 544 tierces of lard in the warehouse of the U. S. Cold Storage Company, Chicago.

Then came an Economy Storage Engineer. The simple Economy Portable Elevator he recommended now enables *four* men to pile 1360 tierces in the same ten hours.

Four men instead of five—1360 tierces instead of 544. Two and a half times as much work accomplished by only four-fifths the former amount of labor. Thousands of industrial concerns, in almost every line of business, have found the Economy System a remarkably efficient system. Economy equipment has saved them millions of dollars. Many of these concerns did not know they were

wasting money until Economy Storage Engineers pointed out the losses—losses of space, losses of time, losses of labor.

In *your* plant there may be all these unobserved losses. An Economy Storage Engineer can tell you—and *will* tell you conscientiously—whether or not you need Economy service. There is no charge for the consultation.

If your storage material is in barrels, boxes, bags, bales, crates, drums, or other form—weighing as little as fifty pounds or as much as three thousand pounds—there is an Economy way to handle it.

Write our Chicago office for FREE BOOKLET, "Economy in Storage," and for further particulars of the Economy System.

The ECONOMY  
SYSTEM

ECONOMY ENGINEERING COMPANY  
2659 West Van Buren Street, Chicago, U. S. A.  
BOSTON NEW YORK PHILADELPHIA DETROIT ATLANTA SAN FRANCISCO

How much space  
are YOU wasting?

# ECONOMY PORTABLE ELEVATORS and STORAGE RACKS



exterior View Truscon Standard Building, Saw-tooth type McGill Manufacturing Company, Valparaiso Indiana.



Interior View Truscon Standard Building, Saw-tooth type Mobile Tractor Company, Mobile, Alabama

## Buy Your Standard Building Now

*Material Costs Are Low—Erection Costs Are Low*

Truscon Standard Buildings possess every requirement needed for the modern factory building. Perfectly daylighted, admirably ventilated, easily heated and thoroughly fire-resistant, their sunlit, airy interiors enable employees to do more and better work with less spoilage and at greatly reduced lighting costs.

Truscon Standard Buildings are the most economical type of permanent construction. Built entirely of steel panels, steel sash and steel units, the sections can be easily and quickly handled. Further, these buildings can be enlarged or taken down and re-erected in a new location at a 100% salvage value.

Side Walls and roof are manufactured from Truscon Alloy Steel which has proven its superior durability and permanence by exposure tests over a period of years.

Many types of the daylight variety of Truscon Standard Buildings are furnished, including Monitor, Sawtooth and Hiproof types (with lantern if desired.) They may be had in practically every size.

*Return coupon today, checking the size and the purpose of the building which you require*

**TRUSCON STEEL COMPANY**  
YOUNGSTOWN, OHIO

*Warehouses and Sales Offices in Principal Cities*

# TRUSCON

STANDARD  BUILDINGS

### INFORMATION COUPON

Diagrams show Types and sizes of TRUSCON STANDARD BUILDINGS. HEIGHTS, curb to eave, 8'-0" to 21'-4". LENGTHS, Types 1, 2, 3, 4 any Multiple of 20' LANTERN, 12'-0" wide provided at Ridge of any Building 40'-0" or more in width.



TYPE 1

Widths, 4'-8'-10'-12'-16'-18'-20'-24'-28'-30'-40'-50'-60'



TYPE 2

Widths, 40'-50' or 60'



TYPE 3

Widths, 50'-52'-54'-56'-58'-60'-64'-66'-70'-74'-78'-80'-84'-90'



TYPE 4

Widths, 80' or 100' (4' Rise @ 20' or 25')



TYPE 5

Widths, 60'-64'-66'-70'-74'-80'-84'-90'-92'-94'-96'-98'-100'-102'-104'-106'-108'-110'-112'-114'-116'-118'-120'-122'-124'-126'-128'-130'-132'-134'-136'-138'-140'-142'-144'-146'-148'-150'-152'-154'-156'-158'-160'-162'-164'-166'-168'-170'-172'-174'-176'-178'-180'-182'-184'-186'-188'-190'-192'-194'-196'-198'-200'



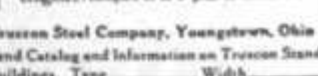
TYPE 6

Width, 304' Lengths, Multiples of 10'-0" plus or minus 20'



TYPE 7

Width, Any Multiple of 20'-0" Lengths, Multiples of 10'-0" plus or minus 20'

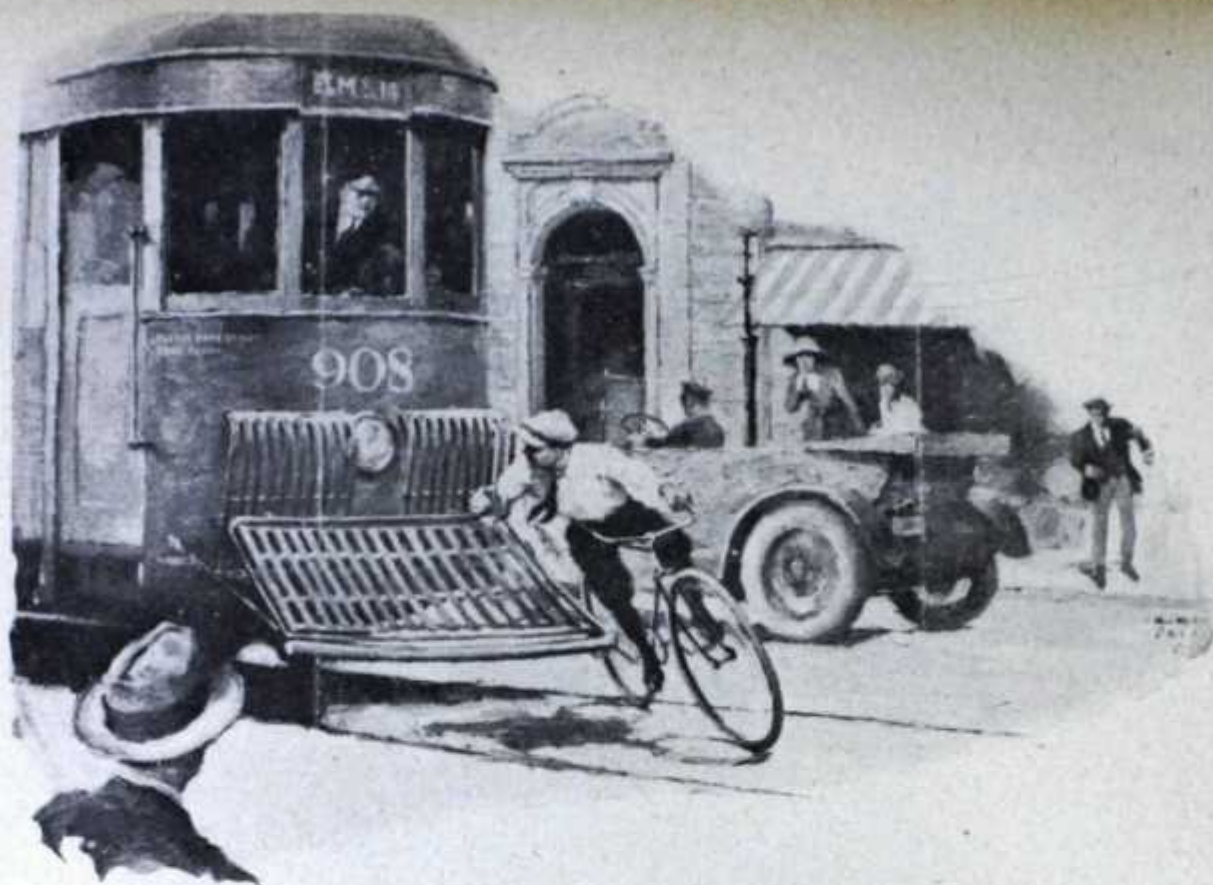


TYPE 8

Width, Any Multiple of 20'-0" Lengths, Multiples of 10'-0" plus or minus 20'

Truscon Steel Company, Youngstown, Ohio  
Send Catalog and Information on Truscon Standard Buildings. Type \_\_\_\_\_ Width \_\_\_\_\_ ft., Length \_\_\_\_\_ ft., Height \_\_\_\_\_ ft.  
To be used for \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_





—like the fender on the street car

## They Keep Carelessness from Being Costly!

Are your workmen and your loved ones still at the mercy of the treacherous open knife switch—the common enemy of safety experts and fire marshals everywhere?

Is there even a remote chance that they touch for a costly, careless second, the live parts that turn *safe electricity* into a jolting shock with all its consequences?

### *Install Square D Safety Switches at Once*

Obeys the recent ruling of the National Board of Fire Underwriters. Banish the open knife switch from your factory and your home. Replace it

with the proper safety switch—with a Square D Safety Switch! The Square D is completely shielded by a lockable insulating cabinet. Careless hands and baby fingers cannot enter. The current cannot escape. It is externally operated with positions clearly marked. Read the ruling carefully.

### *Absolute and Inexpensive Protection*

Complete Square D fire and accident protection for homes and factories is surprisingly cheap. Call any electrical dealer or contractor. Let him tell you to a penny what it costs—and what it saves in compensation and insurance!

### **Danger!**



### *Important New Safety Switch Ruling of National Board of Fire Underwriters—Effective January 1st, 1921*

"The service switch must be enclosed and preferably of a type that may be operated without exposing the live parts to accidental contact. Service switches must indicate plainly whether they are open or closed."

Square D Company, Detroit, U. S. A.

Canadian Branch:

Walkerville, Ontario

(4)

### **Safety!**



# Square D Safety Switch

## Makes Electricity Safe for Everyone





## *Paper is part of the picture*

The textures, colors and weights of STRATHMORE EXPRESSIVE PAPERS are rich in suggestion.

They say many things for skillful users of advertising.

A foam-flecked STRATHMORE PAPER suggests the Great Outdoors for an advertiser of sportsman's goods.

A daintily textured, cream-tinted STRATHMORE PAPER expresses the idea of *Daintiness* for a perfume importer.

A rough, stone-textured, stone-colored

STRATHMORE PAPER says Concrete for a cement manufacturer.

And so, for every business and every product, *including yours*, there is a STRATHMORE EXPRESSIVE PAPER that will say its say.

Your printer is the man to help you find it. In the meantime, write us for the Strathmore Demonstration Set. This is a graphic example of the suggestion-power of the appropriate type, color, illustration and Strathmore Expressive Paper. STRATHMORE PAPER COMPANY, MITTINEAGUE, MASSACHUSETTS, U.S.A.

# STRATHMORE

## *Expressive Papers*





# COAL!

- steam coals*
- smithing coals*
- gas coals*
- anthracite coals*

**WE ARE** miners' agents, shippers and exporters of anthracite and bituminous coals.

We ship the well-known *Viking, Wendell and Sonman* Steam Coals; and the *Youghiogeny, Westmoreland* and *Fairmount* Gas Coals.

We are *exclusive selling agents* for the Pennsylvania Smithing Coal Co.'s celebrated *Wells Creek Smithing Coal*, unexcelled for welding and forging purposes.



## Laboratory Tests of Wells Creek Smithing Coal

Shows the following results:

Moisture .....	0.70
Volatile Matter.....	17.87
Fixed Carbon.....	75.50
Ash .....	5.93
	100.00
Sulphur.....	0.62
Phosphorus .....	0.008
B.T.U.'s.....	15,012
Fusing .....	2,781

## A. Sidney Davison Coal Co., Inc.

Members American Wholesale Coal Association, Wholesale Coal Trade Association of New York and Chamber of Commerce of U. S.

**No. 1 Broadway, New York, U. S. A.**

Cable Address "VIKING," New York Western Union



## Through the Editor's Spectacles

THE engraver's proof of the cover of this number lay on the table. Said a flip-pant visitor:

"Why don't you put the name of the tractor on it and send a bill for the advertising to the company that makes it?"

A mercenary minded man that! But he starts a train of thought. How much of the Nation's buying power is right there in that sturdy self-reliant figure at the tractor's wheel? What kind of watch is that which bulges in the pocket of the overalls which some maker turns out, with him in mind?

Whose shirt does he buy for work? And whose boiled shirt when he climbs into his auto to go calling on Saturday night? And what auto and what tire does he favor? It is certain that no man will sell him the car he does not want or the tire that does not wear. His hat has suffered a blow-out. Who is busy on the hat that will replace it?

The list might run on forever. And we can count this man with the tractor by the million. Wall Street waits on him. When he stops buying, factories close. When he starts to buy, the world breathes easier.

THE president of the National Farmers' Union, with offices in Washington, has done a meritorious piece of work in compiling for the press his "Who's Who in Lobbydom at Washington." As with most pieces of research work, the initial findings are never quite complete, and in this case the author will not lay claim to exhaustive accomplishment. Although he lists fifty or more business associations, leading off with the U. S. Chamber of Commerce and running through to the Committee for Armenian Relief, there are omissions. Emphasized by its absence is his own farm organization and the four or five others which maintain offices in Washington. If it is modesty that impels the omission, it is false modesty, and we hope, in justice to a fine bit of research, they will be included in the second edition.

THIS second edition, by the way, might be made more useful to students of government if there were appended authoritative data of each organization. It will be valuable to have in handy form, say, the membership of the Farmers' National Council, when its "representative" purports to speak for his "10,000,000 American farmers." The only concrete information that has yet come to our attention appears in the official report of a hearing before the House Committee on Banking and Currency; the "managing director" then testified that the organization's income was approximately \$15,000—\$5,300 from one individual blessed with more of the world's goods than most farmers we know, \$2,500 from another gentleman of the same fraternity, \$1,933 from the Plumb Plan League, \$500 from the Fels single tax fund and a total of \$509 from honest-to-goodness dirt farmers.

I HAVE a fine organization," said the president of a large concern the other day, "a fine group of young, energetic executives. They know all there is to know about expansion and inflation, but not a damn one of them knows anything about deflation." "That shortcoming is being remedied," said Mr. Roberts, as we were talking over to-

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Cover Photograph By Robert H. Moulton

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## THE NATION'S BUSINESS

Vol. 9

No. 5

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

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Little Bldg., Boston

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But the Chamber is not responsible for the contents of special articles nor for the opinion to which expression is given in them.

gether his article on "The Sweet Uses of Adversity."

WILLIAM E. SWEET has gone out of business, and in a recent issue of *The Congregationalist and Advance* he tells why. "My ideas of what constituted justice," he says, "did not agree with the views held by most men in the business world." And he complains that "a business man must conform. If he does not he is guilty of the worst crime in the catalogue of business; he is a 'scab.'"

Mr. Sweet is described editorially in the periodical as a prominent investment banker in Denver. He was one of the overseas workers for the Y. M. C. A. and is to assist or is assisting in a campaign among the colleges on the Pacific Coast. His article makes it clear that he considers these activities "more worth while than the accumulation of money after one has provided for his family." He has made enough money, it is apparent, to

carry through, and has decided to consecrate himself to advancing the brotherhood of man. "I gave up business because I wanted to give more of my time to this cause," he explains.

Promotion of the brotherhood of man is altogether praiseworthy, but we wonder whether Mr. Sweet fancied he was accomplishing it by his innuendoes against his former associates in business. Whatever he has to say derogatory to business methods, we take it, is leveled rather at those with whom he came in immediate contact than at business in general. For we are persuaded in this office that business morality in this country and in the year of Our Lord 1921—here and now—is a high order of morality. We should like to be checked up on this. Is Mr. Sweet justified, for instance, when he says?—

There is no man quite so narrow as the average successful business man. He is narrow because he is unacquainted with affairs which do not touch his



Photograph of cast steel shoe is not represented, while those of pressed steel shoe shows plain view of forged link.



Replaced  
Cast Steel Shoe



Pressed  
Steel Shoe

*"Press It from Steel Instead"*

## War Experience Brings Peace Time Savings

**D**URING the war the steel casting capacity of the country was greatly over-taxed. The Government tried to save everything it could in the way of casting capacity by using other processes instead. One of these was the development of pressed steel parts to take the place of cast parts. An excellent example of the saving made in this way is shown in the picture above of a pressed steel artillery tractor shoe that replaced one previously made of cast steel.

The pressed steel shoe was riveted to a forged link. The government tests showed that the combination was much stronger

and less expensive and the speed of production much faster.

We are turning this war time experience into peace time savings for many manufacturers by replacing cast parts with stronger, lighter, less expensive pressed steel parts.

### Can We Help You?

If you are using cast parts that might be pressed from steel instead, send us samples or blue-prints of them. We'll tell you, without obligation, how much of a saving you can make. Write Department C. for full particulars.

#### YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER

AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TOOL & WOOD BOXES - SEATS LATER LATHES - PERSONS & CONE WHEELS BARNS/STOCKS - CLAMPS - CLESTERS - BEERS LAND ROLLER HEADS	RADIATOR SHELLS - CRANK CASES MOUNTING COVERS - BRAKE DRUMS CLUTCH DISCS - STEEL HANGERS HUB FLANGES	LIFT TRUCK PLATFORMS - TANK HEADS INDUSTRIAL CAR WHEELS - WHEEL BENCH MATCH CLEATS - RAMPED HEADS COMPOUND BONES	WAGON COARS - FACTORY PARTITION MATERIAL OLD FIRM - CHURCH - LAKES - WHEELS - GENT STOCKS - WAGON - TANKS - BEAR - CONSTRUCTION BARRICKS - LITERAL METAL LATH

THE YOUNGSTOWN PRESSED STEEL COMPANY  
WARREN OHIO



All our factories are now consolidated in one big, new plant at Warren, O.

**Youngstown**  
REG. U.S. PAT. OFF.  
**PRODUCTS**

## Completeness



EXTREME, PERHAPS;  
BUT RESOURCEFUL,  
NEVERTHELESS

**E**ACH year the Carborundum Company asks us to produce a calendar designed to present novel panoramic photographs of the unrivalled Niagara River. On one occasion, we wished to reproduce the twisting torrents of the gorge from the waters' level.

Armed with his Graflex and a spirit willing to dare, our photographer was lowered down the Canadian cliffs, and procured pictures to be grouped, with joints cleverly hidden, into a marvelous photo reproduction.

Surely this is more than printing. It is typical, however, of our equipment in men and machines, with our ability to suggest and our resourcefulness to execute.



"The Work of Quality"

THE MATTHEWS-NORTHRUP  
WORKS

Planners - Designers - Engineers - Printers - Binders  
NEW YORK BUFFALO CLEVELAND



business, and he is ignorant because his whole thought is on markets. He feels that his leisure must be given to exercise and amusement, while the needs of the great seething tide of humanity scarcely touch him.

Or is he right when he says: "Indeed, in business where the ideal of brotherhood interferes with profits, brotherhood must step aside."

Is it true that a system in which the main spring is the profit-incentive contributes to man's inhumanity to man? We have often thought of business as a service system, and of profits as at once the basis and the reward of service, and the opportunity for greater service.

What do our readers think about it?

**THRIFT** is the topic of numberless quotable epigrams, but epigrams are for grown-ups. How to make thrifters of the youngsters is the burning question, and the Continental and Commercial Banks of Chicago seem to have answered it. There comes to our desk a booklet, "Thrift After Mother Goose," which is calculated to gladden the heart of the juniors. The familiar imperishable jingles have been twisted into little lessons of thrift by the new Business and Service Department of the bank—a noteworthy departure from the dignified convention of such "promotion."

**SPEAKING** of thrift reminds us of a letter we received a few days ago from Guy Morrison Walker, 61 Broadway, New York. Here is the gist of it:

What is the use of preaching thrift when the pulpit and press seem to be united in agreeing that it is a sin to have anything? Thrift means to consume a little less than you produce and to save the difference. Now the difference that you save between what you produce and what you consume is property, and a large number of people declare that property is theft. To practice thrift, therefore, means to be a thief.

This thrift campaign is placing the cart before the horse. What is the object of practicing thrift if the result of our industry or self denial is to be taken away from us by those who refuse either to work or to deny themselves? Teach the people the rights of property first and there will be plenty ready to practice thrift.

**P. L. BURKHARD**, of the Burkhard-Griswold Co., Cleveland, writes:

The account in your March number of the work being done by the Industrial Relations Committee of the Philadelphia Chamber of Commerce prompts me to tell you what is being done in Cleveland along the same line.

Employers and employees in this city are being brought together on a common ground of understanding through the activities of the Industrial Association of Cleveland, an organization with more than 4,000 members from the factories and plants.

The association publishes its own magazine, conducts training classes in shop practice, management, and efficiency, and holds weekly forums in which talks are made by prominent men and women on economics, production, management, salesmanship, and inspirational topics.

The association has come to play an important part in the industrial life of Cleveland and has made its influence felt in practically every large plant. It is an employer-employee organization. About one-tenth of the membership is made up of employers.

It is not unlikely that this movement will become general and that such associations will spring up all over the country, wherever men work.

**THE** head of a big industry was lecturing his sales force on the need of the hour. Finally he said:

"This is a time when we've got to go out and ring doorbells. What we need is direct contact by male and I want to spell that out m-a-l-e."

*M.T.*

Surgeon General



United States Army

## Two and One-half Million Dollars' Worth of Wanted Drugs In One Gigantic Sale

### Of Commanding Interest to

Dealers  
Jobbers  
Wholesalers  
Chemical Companies  
Physicians  
Staff and House Physicians  
Hospitals  
Governing Boards of Hospitals  
Clinics  
Public Institutions

(Special consideration given bids from Hospitals, Clinics and Public Institutions.)

The small buyer is taken care of by a buying-group plan, bids being submitted through a single representative bidder.

### Sale by Informal Bid

To be submitted to  
Office of Surgeon  
General, Surplus  
Property Section,  
Munitions Building,  
Washington, D. C.  
(Send coupon for  
bulletin.)

Closing  
May 19, 1921



**THIS** newest and latest sale is not only another extraordinary offering, but presents opportunities that eclipse those of all former War Department Surplus Drug Sales.

The wide range of drugs and medicinal chemicals included in this huge surplus, the certain quality assured, the prompt deliveries possible and the adequate inspection privileges allowed, all combine to rivet the attention of every drug buyer in America.

Send for bulletin listing the entire lot with terms of sale and complete information. Prompt action is advised. Requests for bulletins and all bids should be addressed to

### Surplus Property Section

Office of Surgeon General U. S. Army  
MUNITIONS BUILDING, WASHINGTON, D. C.

#### COUPON

Surplus Property Section,  
Office of Surgeon General,  
Munitions Building, Washington, D. C.

GENTLEMEN:

Please send bulletin to

Name .....

Address .....

Profession or

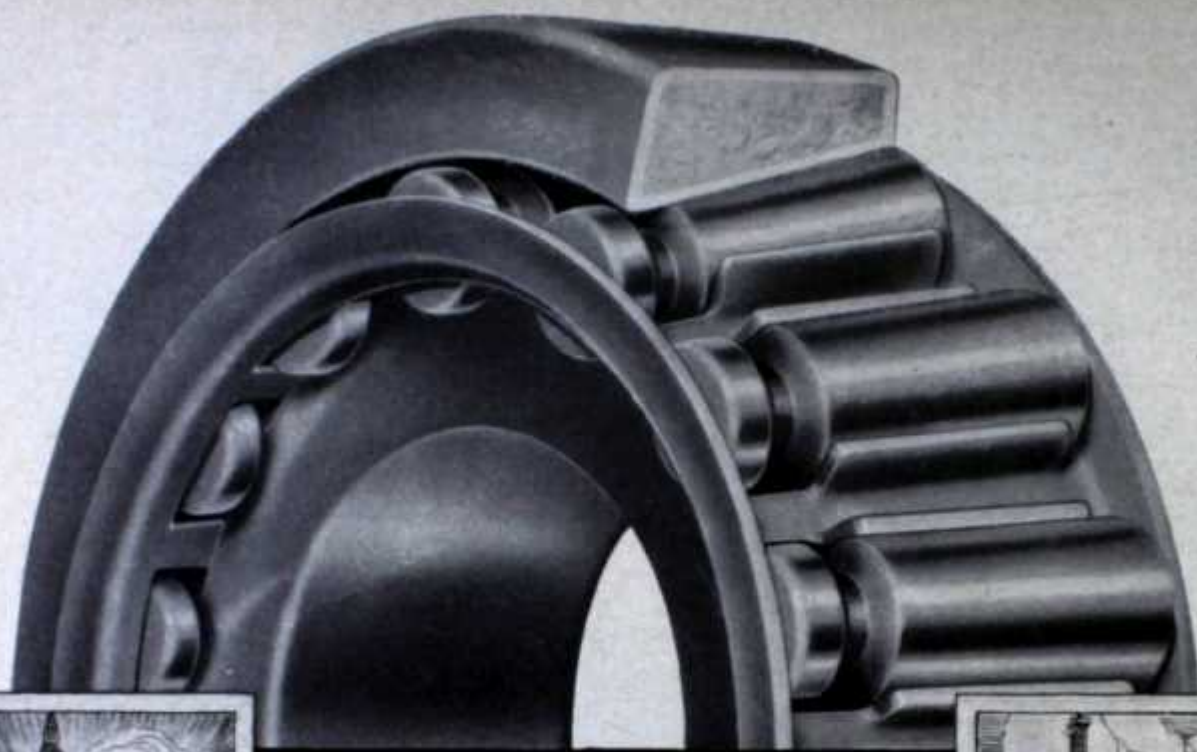
Business Connection .....

Company or Institution .....

# WAR DEPARTMENT

## Surplus Property Sales





## Timken Superiority Recognized Abroad



Napier, Darracq, Carlo Rotta, Daimler, Berliet, Vauxhill, Singer, Graham-White, Leyland, Wolseley  
Motola Verskstad, and other foreign automobiles, trucks, and tractors—69 in all—  
are equipped with Timken Tapered Roller Bearings

Before August first, 1914, engineers in England and Europe gave little thought to any type of anti-friction bearing other than what they were using.

Then came the war.

Many, many thousands of American-made automobiles, trucks and tractors equipped with Timken Tapered Roller Bearings were rushed to Europe. And through all the stress and strain of war, English, French, Italian and German engineers had an unusual opportunity to watch Timken performance.

They saw Timkens carry *greater* loads, size for size, than other bearings. And they saw them carry properly *all* loads no matter from what direction they came.

They saw Timkens withstand the *highest speeds* and most *constant* and *gruelling* service.

And when Timkens showed signs of wear—as all bearings *do* wear, because wherever there is motion there *must* be wear—they saw them made to function as if they were new by the means of a simple adjustment or take-up easily and quickly made.

As a result, today 69 foreign builders—a tremendous majority—of automobiles, trucks and tractors are using Timken Tapered Roller Bearings manufactured in our plants at Birmingham, England, and Paris, France.

The Timken Roller Bearing Co., Canton, Ohio

*Timken Tapered Roller Bearings for Passenger Cars,  
Trucks, Tractors, Trailers, Farm Implements,  
Machinery, and Industrial Appliances*

# TIMKEN

## *Tapered*

# ROLLER BEARINGS



# NATION'S BUSINESS

A Magazine for  Business Men

VOLUME 9, NUMBER 5

MAY, 1921

## The Uses of Adversity

Business depressions, such as the one through which we are passing, teach us hard but most valuable lessons in the difficult art of getting along together

By **GEORGE E. ROBERTS**

*Vice-President, National City Bank of New York*

**WE** ARE ALL familiar with the well-established philosophy which teaches the sweet uses of adversity, the discipline of poverty and the virtues of economy and thrift. We know that the strength of the oak is not to be had in a tree of quick growth, that sure returns are never big returns, and that this general law of balance and compensation governs throughout nature and in human affairs, and yet we are all inclined to be rebellious when caught disregarding the law and subjected to the penalties. We don't look forward hopefully to the benefits of adversity, or appreciate the discipline of poverty while we are getting it. Even if convinced of the value of such discipline in his own experience a man seldom has the resolution to compel his son to go through it.

All of this does not signify insincerity in the individual or that the philosophy of the teachings is at fault; it only shows the truth of the saying that men are but children of larger growth; they want to do what they like rather than what the rules prescribe, even if they know in their hearts that the rules are right. They want to be excepted from the application of the rules.

The progress of society is by hard work, intelligent planning, and thrift—thrift in saving out of today's production something that will help increase production tomorrow. If we could keep this idea of production always in mind, and recognize that the common welfare is advanced in this way and no other, we would avoid many mistakes.

Our chief troubles came through a want of common understanding of economic principles and of the real harmony of interests between all classes. Emerson said that the measure of civilization was found in "facility of association"—that is, in the ability of people to understand each other, get along together and work together for common ends.

When we think about it we will realize that it is not an easy matter for people to get along together harmoniously, trusting one another and composing their differences in good feeling. We know that from our every day experiences, disagreements develop in every kind of an organization, including the churches, where people are supposed to be disinterested. The fact is that we have a race inheritance of suspicion, and confidence in one another is a plant of slow growth. Unfortunately, it gets nipped down to the roots occasionally by a frost bite, and these setbacks are hard to overcome.

This fundamental difficulty about getting along together needs to be always kept in mind in deliberating over our social troubles. Appreciation of it shows the problem in its true proportions and, at the same time, teaches us to be patient with it.

Our modern industrial system is so highly organized that it is easily thrown out of balance. Each of us is doing some one thing and exchanging products or services with the others. We are dependent upon the others to make what we want and to take what we make in payment. And it is a great, voluntary scheme; it is up to each person to find his own place in the system and follow his own policies. No wonder it is deranged occasionally.

We have developed this system because it yields larger results to everybody than the old system of household industry, where the wool grown on the farm was spun and made into cloth and clothes in the family, and everything was either self-made or provided in the neighborhood by a simple exchange of work that everybody understood. The present population of this country cannot be supported in the state of comfort to which it is accustomed without organized industry and the use of capital.

We have given up the primitive independence for gains that are to be had by becoming specialists with an exchange of services. It is a far more efficient system of industry, but it makes us dependent upon each other and interested in each other's efficiency, welfare, and purchasing power. The success of the system depends upon a general understanding of its cooperative character. It requires greater intelligence in the citizenship, and not only greater intelligence but a higher sense of mutual obligations, in short a higher civilization.

One of the most important things to understand is that money is a mere convenience in accomplishing the exchange of goods and services; our real compensation is in the products and services of others. It must be possible to make these exchanges on a fairly stable and regular basis or the whole system is thrown into confusion. The occupations must be in balance, so that the money income of each will enable it to buy the products of others. The pay of the workers in any occupation cannot be raised or lowered without affecting employment and compensation of the workers in the other occupations. We see that clearly illustrated in the general paralysis

which has followed the loss of purchasing power of the farm population in recent months. Everybody is interested in maintaining that state of equilibrium throughout industry which keeps everybody at work and results in the largest production with complete distribution and consumption.

We have proof of this proposition now in the effects of the fall of farm products, but the effects would be the same if, instead of the loss of purchasing power to the farmers, there had been, to begin with, a great loss of purchasing power to the wage-earners. No matter where the loss of purchasing power begins, it is quickly communicated from one group to the others until, if not counteracted, it extends to all.

There are always people imagining that a conspiracy exists among the "big interests" against the public welfare, but the big interests, like the railways, are prosperous only when there is general prosperity. This is demonstrated so often that it is difficult to see how everybody can think otherwise.

The owners of great industries cannot afford to disturb the industrial equilibrium. Anything like a general conspiracy to reduce wages would curtail the purchasing power of the great body of consumers, reduce the earnings of all industries and shrink the value of every kind of property. Individual employers may like to hire labor as cheaply as possible, but it is a very short-sighted employer who will disturb a state of prosperity by efforts to reduce wages, and a concerted effort under such circumstances never occurs.

### Class Privilege a Boomerang

**T**HERE cannot be a general state of activity in the industries unless their products are being taken off the markets and consumed. There must be a free, full circulation of goods and that can only be when the mass of the people are buying freely, and the compensation of workers and prices of products in the principal industries are adjusted fairly to each other. No class can gain anything by throwing the organization out of balance, but the efforts to promote class interests tie so many knots in the channels of circulation that the exchanges are stopped. Industry and trade are strangled by the efforts of organizations to promote special interests.

The industrial organization is very much like a great machine which will not work unless all the parts are in order and in proper relations to each other. If your automobile



goes back on you, you know that something is wrong, and you must find what it is and adjust it before you can hope to go on. It does no good to swear at it; you cannot force it; you must fix it. It works only when certain conditions are complied with, and that is just as true of the industrial organization.

Furthermore, this law of the equilibrium is the final arbiter of the relations between capital and labor. There is a normal, proper balance between the amount of current production in the form of goods for direct consumption and the amount in the form of equipment for producing consumable goods, the latter being capital. There must be a constant accumulation of new capital to provide for industrial progress. Think of all the new ideas for enlarging the output of the industries and improving the living conditions of the people that are waiting upon supplies of capital! Look at the condition of the railways and at housing conditions today. Unless a proper proportion of current production is converted into capital, the industries will not be kept up to the needs of a growing population, the cost of living will increase, and the purchasing power of wages will fall. Wage increases, on the whole, never can make up for declining efficiency in production, because all the wage increases must be passed on to consumers.

On the other hand, if too much of current production is reserved for capital investments, the productive equipment of the country will get ahead of the consuming power of the population, further investments will be unprofitable, and not be made. Competition will be fierce under such a condition and compel a larger distribution for current consumption.

Our industrial organization is so highly organized that it is beyond the understanding of the common man. He doesn't see the benefits that he derives from

it, or understand his obligations under it. The whole complicated system, under which men devote their lives to acquiring skill in a particular occupation and rely upon exchanging services with others, is dependent upon the maintenance of fair relations. Not many people in England are able to mine coal, but the industries of the country are all dependent upon coal, and the miners have shut down the mines and threaten to keep them closed until the community accedes to their terms. Society cannot endure under such conditions. If

people cannot work together in specialized industry, and rely upon each other, we will have to abandon modern industrial methods and go back to the hand industries and the conditions of life in China. This is what they are doing in Russia.

Unless the public is willing to pay for the service of the railways at a rate which will allow the capital invested in them to make a return fairly comparable to that obtained in other investments, new capital for their improvement will not be obtainable, and the

Government will have to take them over. This, however, will be only shifting the problem, for the cost of operating them will be greater under the Government than under private ownership. The Government will have to resort to taxation, and the depletion of capital by taxation will interfere with industrial progress.

We face the same problem in the housing situation. Legislation which discourages private investment in houses makes the situation more acute, and if the Government is forced into house building the burden will fall upon the taxpayer, again with the effect of depleting the supply of capital available for industry, and of discouraging the ambition to accumulate capital.

The same effect follows upon all the efforts to burden and handicap the energetic and successful man. If he is restricted and deprived of the capital for which he struggles and with which he works, he will give up and his leadership will be lost. If society is leveled down to the least effective members the position of even this class will be far worse than it is now.

The great problem of the time is to make clear the mutuality of interest which exists throughout the social organization, and satisfy the common man that all wealth is valuable to the entire community, no matter who owns it.



From Punch.  
British Radical: "What are you doing down there?"  
Voice of Russian Extremists from Below: "Digging a grave for the bourgeoisie."  
British Radical: "That's what I want to do; but how do you get out?"  
Voice from Below: "You don't."

# Reparations

How much can Germany pay and how can she pay it without being forced into an economic slavery that would make her a point of decay and danger to the rest of the world?

By BERNARD M. BARUCH

Author of "The Making of the Reparation and Economic Sections of the Treaty"

THE financial and industrial development of the whole world for a long time to come will be profoundly influenced by the settlement of the German reparations. In recent conferences on this subject the United States has not been represented, although the policies there laid down undoubtedly affect future conditions of business throughout this country. They affect every great domestic question which we are now seriously considering—the railroad problem, taxation, tariff, agricultural difficulties, and unemployment. All are made what they are, and even more acute, because of the non-settlement of the reparation problem, and because there is no stable peace in the world.

Until Central Europe is again going full

speed ahead the rest of the world will lag. We may not like it, but it is a cold fact that none of these questions can be disposed of until the world is again humming with industry and every route and channel of commerce is reopened.

It is conceded that Germany cannot pay as much as she ought to pay. The punishment, therefore, will not be commensurate with the offense she committed; and so the sentiment is diminishing that the reparations should be viewed as a measure of moral retribution rather than an index to future trade operations. I am not one of those who think the Allies should not require Germany to pay the largest possible sum. It has been argued that whatever Germans

make and sell in the market will displace our goods and eventually make Germany the workshop of the world. But when former activities are resumed there will be a greater world-wide consumption of goods, probably, than ever before. Increased competition would be but a spur to our own activities. The world, including ourselves, would be the better for improved and more economical production of goods, because it would bring within the purchasing power of many more persons the things produced. Human wealth and comforts would be thereby increased, and standards of living would be lifted.

If France and other Allies are to be compensated, Germany must go to work.

If Germany is not to go into decay and



dissolution, if she is not to lapse into political and economic degeneration with all its international reflexes, she must be started aright now.

If we are to dispose of our surplus products, Germany and the rest of Europe must resume commercial and industrial activity so they can be the customers of old.

Whatever the final arrangements they must be just to France, Belgium, Italy, and the other countries Germany ravaged and robbed. On the other hand, the burden placed on her must not be such as to enslave her people, though it must be up to the limit of her ability to pay.

The consensus in Paris, before the world debated away these last two years of vital effort, was that Germany could pay a capital sum of \$15,000,000,000. About \$3,000,000,000 has already been paid. Fifty-six billion dollars spread over forty-two years is equal to about \$13,500,000,000 at present rates of interest—say eight and one-half per cent, which foreign nations have to pay in this market. In the discussion of German reparations the Allied experts always figured on five per cent, which would give to \$56,000,000,000 spread over forty-two years a present value of \$21,000,000,000.

The real worth of this, or any other amount, to the Allies would depend upon the final judgment of the investing public as to Germany's capacity and willingness to meet it.

However, we must realize that the ability of the Allies to meet their financial obligations to their own citizens and to us rests in a measure upon the size of the reparation they can collect. In most instances, the amount of their obligations exceeds their ability to pay unless they can get the last possible farthing from Germany.

### What About Cancellations?

IN certain quarters there has been some discussion regarding the cancellation of Allied obligations to us. Doubtless those who have responsibility in this matter, in case it is seriously undertaken, will have in mind the amelioration or removal of discriminatory and preferential tariffs against our trade. In case anything is done, there might also be a differentiation between the funds borrowed and spent for munitions and that spent in the maintenance of the population, or of the continuance of trade. If anything is done in reference to the remission of that part of the obligations incurred for American-made munitions, that part of the debt could be made subject to renewal in case America should become involved in another war. It is fair to presume that the United States would become involved only if it were in the interests of civilization. In that case, the United States necessarily would have to buy quantities of munitions and other materials from other countries. The sum tentatively cancelled or postponed without interest would become payable to the United States on demand only in such an event. The thought is worthy of attention as a possible aid in meeting an extremely difficult question.

Fear is expressed in some quarters of entangling alliances, and yet we are entangled in the settlement of the reparation, whether we like it or not.

We might as well face the fact man-fashion that this was our war. As we gave willingly the best we had in men and treasure, we must be prepared to go through to a finish. America is obligated to use her influence not alone in seeing that Germany lives up to her obligations to our Allies, but that we and our Allies carry out fairly and reason-

ably the terms which we, at least as much as they, made Germany accept.

The crux of the world's industrial and commercial problem lies in the fixing of the reparations that Germany must pay. The Allies must inevitably come to see this; for they are under heavy burdens and are looking to the German reparations for their own rehabilitation. Fixing the reparation would cause, in my opinion, an immediate reestablishment of German credit, a definite rise in world exchange, an increase in the purchasing power of all the nations and a world-wide resumption of commerce.

Germany must work to produce the wealth with which to pay. In helping herself she will do what is more important—she will be helping us all.

### No Reason for Fear

EXCEPT for the things necessary for the national defense, I do not share the general fear of German competition; there is no occasion for making the world a "closed shop" against our former enemies. I view with more concern underproduction, which would deprive some persons of necessities no matter from what country they may come. There is no use denying that whatever Germany pays, she must pay with things created by labor of brain and brawn. France will not let her pay in labor devoted to the restoration of the devastated areas; and the rest of the world seems unnecessarily fearful of having her pay with labor in the form of manufactured goods.

There is general apprehension lest Germany's reentrance into the economic circle will create an over-production of goods. Those who entertain this fear do not realize that the very people from whom Germany will buy her raw materials will have an increased market for manufactured goods from all the peoples of the world. They do not realize that a new market will be created not alone in the former Central Empires and Russia, but in every corner of the globe, by the stimulation of the exchange of products and manufactured goods.

Who can say that the revival of human endeavor with its accompanying trade may not create a demand exceeding the possible future supply? Death and wounds have removed at least 10,000,000 effective workers from world production. In every country, among every people, there is a desire to go ahead, to exchange goods, and to revive business. Is it possible to make enough rails, engines, and cars to meet the demand which stable conditions would arouse in our country, in all Europe, in South America, and Russia? Consider what that alone would mean in the consumption of materials! With roads to be built, mines to be opened, with all of the vast resources of nature barely scratched, there is more than hands now idle can possibly do.

Many misconceptions have grown out of the reparations question. One was about ships. It was stipulated that Germany should turn over vessels to the victors. But England now says: "I have enough ships. If you deliver any more, you will ruin the present ship owners and builders." That is because trade all over the world is stagnating. If the ships remain in the hands of Germans they still will be in competition with the English owners. But if trade is revived in the world there may not be enough ships to meet the demand.

There was much talk, too, about the crippling of Germany and her inability to furnish coal. We now see that with but a slight effort there is an over supply of coal in France. The first complaint was that

Germany did not deliver coal, but now the complaint by Germany is that France sells the coal which she has delivered, because France has more than she needs.

Doubtless those who are charged with the settlement of the reparations will take into consideration the large amount of claims for ships destroyed, pre-war debts, and so on, that American citizens have against Germany aside from the reparations. An arrangement could be made whereby these claims would receive treatment *pari-passu* with the reparations due to other countries, instead of being left in the status of a claim so remote that it would be impossible for our citizens to obtain satisfaction. Unless America participates in the settlement, these claims must remain a deferred mortgage. The only alternative is for us to use German private property, and the use of private property for this purpose would be such a reversal of America's former attitude, a step so far backward, that we should not even contemplate it. Our only course seems to lie in becoming a party to the settlement. We could then exercise an ameliorating influence, and could hasten the consummation of an authentic peace, the deferment of which means decreasing business and lowering standards of living.

If Central Europe could be set to functioning, its organizing ability and genius for distribution would stimulate an increase in all our activities. The railroad problem would be solved because of the enormous increase in the volume of business offered. Our agricultural difficulties would be lessened because of the increased markets for all of the things we grow. Unemployment would cease, and it would be possible, because of the greater volume of business, to decrease the ratio of taxes. With a great demand for goods, perhaps the tariff question might solve itself, and so might the dumping of goods. There was a dumping of goods from accumulations caused by temporarily high prices, due to the war, and not because of our inability to meet others in competition. America has no need for anxiety if she will look facts in the face. She need not be paralyzed by a corroding fear that she cannot meet the situation. She can meet it in a way befitting her great wealth and natural blessings, by joining the other nations in a practical solution, and by assuming her full responsibility. She must meet it in a way that will not alone restore confidence, but in a way that will cause to flow back into the banks of the world the hundreds of millions of gold now hidden in stockings and vaults, releasing credits and setting the world to work again on a basis of mutual good faith. Governments should cease their interference with the natural flow of trade. All should unite in a determination to remove the barriers built by the war and to remove the fear of recurring wars. These goals can be best achieved, not by arming in hate, but by building in faith; not by living in suspicion, but by giving our trust, for, above all other things this truth remains: as we think of others, so think they of us.

### Reflections Commercialized

MIRRORS fascinate a good part of the world, including the Manchurians. A looking-glass is an absolute essential for a Manchurian matron; for without it she would never achieve her elaborate coiffure. No really smart young man of Manchuria will consider the purchase of a cigarette case or a purse unless it contains a small looking-glass, in which he may frequently observe his image.



# From Tredegar to Washington

Jimmy Davis had to be pulled out from under the bed when his family started for America, but long before he was called to the Cabinet he found that his grandfather was right

By JAMES B. MORROW

**T**HE DAVISES were to leave that bright spring morning for America. No spring mornings are gayer or more friendly than those in the little Welsh village of Tredegar.

Every one, it seemed, was interested in the Davises and their brave adventure. Merchants stood in their doors, watching and waiting. Workmen came to the edges of their red mills and flaming furnaces and looked up the hillside to where the Davises had lived in honor and sobriety.

At the railway station, which the Davises could see, in the valley at their feet, the best men and women of the village, wearing their Sunday clothes, had gathered to say a parting word.

Not only to say good-by and God speed you on your way, but to raise their voices in song. They sang, as none but the Welsh can sing, and their words of farewell, never, alas! to meet again, were borne up the hillside, and little Jimmy Davis, his heart bursting with grief and insurrection, crept into his grandfather's house and hid under a bed.

Jimmy Davis had opposed the American enterprise all along. But he was only seven years old and now admits that his judgment was wrong.

Mrs. Davis, with an infant in her arms, and four small children grouped around her, asked, with nervous and alarmed inflection, "Where's Jimmy?" Relatives and friends searched the house and yard. Grandfather Nichols, boss-heater at the rolling-mill, found the rebel and dragged him forth.

And so the Davises set out upon their journey. Grandfather Nichols, the father of Mrs. Davis, going with them to Liverpool and seeing them safely on shipboard. Mrs. Davis and her six children traveled in the steerage and in May, 1881, passed through Castle Garden, climbed the hill into Broadway and, halting a moment, gazed around.

Never had they seen such high buildings, never so many human beings at one time; and Mrs. Davis, looking fondly at her five sons, said, not to them, but to herself, and she spoke aloud, "This is the country for my boys."

Now, forty years later, to the very month, little Jimmy Davis has become James J. Davis, Secretary of Labor in President Harding's Cabinet. This article is to be a sketch of Mr. Davis. But it will be more than that. It will show that the United States is really and reliably "the shelter of the free" and the sure home of hope and opportunity. Is, and has been, and always should be.

"One never forgets the scenes of one's childhood," Mr. Davis said, when he was asked if he remembered his native village of Tredegar. His brown eyes, wide apart, showed the pleasure and pride of memory.

"Tredegar," he said, "was famous in my boyhood for its coal and iron. The rolling-mill in which my father was a puddler contained one hundred and fifty furnaces. My grandfather, Davis, was a highly skilled man and had a good position at the blast-furnace,

where iron was made for the rolling mill.

"My grandfather, Nichols, was a boss-heater. Anciently the Davises and Nichols were farmers but for many generations have been workers in metals.

"Grandfather Davis went to Russia and helped to build blast-furnaces in that country. And he came to the United States on the same business and assisted in building the first blast-furnace in Maryland.

"The Welsh have few secrets that they keep from their children. They talk freely in their families about their work and prospects, about their wages and their difficulties. A hundred times I heard my grandfather say to my father: 'America is a wonderful country. I advise you to go there with your sons.'

"Lord Tredegar was the chief man in our region. He lived in a castle and had a great park. The villagers on stated occasions were

"While I made good headway at school, the best outside training that I received was at our Baptist Sunday School—what I learned there has been my guide all through life.

"Now, on both sides of our family we were regarded as prosperous people. Yet my father could not bring his wife and children with him when he emigrated to the United States. He had to come here alone and earn our passage money. He worked for a time in Pittsburgh as a puddler and then removed to Sharon. We joined him at the latter place.

"After leaving our ship in New York to find a hotel, some one robbed our baggage on the dock. Two feather beds and all of our money but a small sum were taken. Fortunately, my mother carried her railway tickets with her. Our journey to Sharon, therefore, was made with some discomfort. We didn't have enough to eat, you understand.

## Not Long Getting a Job

**I**T WAS early in May when we arrived at Sharon. By the first of June I had a job. The landlord of the hotel paid me \$1.25 a month for driving his cows twice a day to and from pasture. Occasionally I blacked the shoes of some stranger. Daily I sold newspapers. Now and then distributing circulars brought me a dime or a quarter. In the meantime I delivered telegraph messages, whenever they came, which was about twice a month. Nobody telegraphed unless somebody was dead.

"In this manner I lived and worked until I was eleven years old, at which age I left school for good. My first regular job, after I started out on the real journey of life, was in a nail factory. I picked splinters of iron from the nails and put the nails into kegs. For this I was paid fifty cents a day. "It was not long before I had a place in the rolling-mill. As a rule, each puddler has a helper. Old men, however, have both a helper and a boy. I got a place with an old man.

"A puddler, you know, perhaps, places short pieces of pig-iron in a furnace, melts the iron until it is a liquid and then by manipulation with long tools, through a small hole in the door, stirs all of the impurities out of the metal.

"Then, as the iron is gradually permitted to cool, he works the heat, as it is called, which

weighs some 550 or 600 pounds, into balls. In my day we made three balls. The balls are taken in iron buggies to a squeezer and thence to the muck-rolls, where they are rolled into thick bars of various lengths. The bars are cut, heated in other furnaces and then rolled into rails, hoop-iron and so on.

"It is an art, I think, to shape the balls in the puddling furnace and make them of



Mr. Morrow says that Secretary Davis is the best-looking man in the new Cabinet

admitted to his grounds and he would give us children little cakes and tea in small cups. I suppose he looked upon us as 'my people.'

"I began going to school when I was four years old. Even at that age I went with my mother to the rolling-mill with my father's dinner. Often I went alone with a bottle of small-beer which we brewed at home. Near-beer we would now call it in America. Puddlers worked twelve hours a day.



equal weight. My father was a first-class puddler and he taught me to be a skilled workman, after I went to him as a helper.

"I was a finished puddler at the age of sixteen and was competent to manage a furnace of my own. There were at that time only four other boys of my own age in the United States who had become journeymen puddlers.

"At one period in this country all of the puddlers in our rolling-mills were Irishmen, Englishmen, or Welshmen. The secrets of the trade were closely guarded and revealed only to sons or near relatives. My father, however, was a liberal man and had no desire of making a monopoly of the trade. Indeed, the Davises and Nicholls were opposed to any sort of unfairness and oppression. They fought the company store system in Wales and wanted their wages in money and not goods.

### And He Joined the Union

ONCE a puddler, I joined the Amalgamated Association of Iron, Steel, and Tin Workers—became, in short, a union man. A rule of the association provides that any one on ceasing to be a worker in iron, steel, or tin forfeits his membership.

"A resolution, however, was adopted in behalf of Mahlan M. Garland and myself, under which both of us were permitted to remain in the organization. Mr. Garland had formerly been a puddler and served six years in Congress, dying not long ago in office. I still have my union card and so long as I pay my dues will be a member in good standing.

"From Sharon I went to Pittsburgh, where I worked in the rolling-mills of that city. If business turned dull in one place, I traveled to another. I never waited for shut mills to open but looked for those that were in operation. I was in Birmingham, Alabama, at the start of the industrial depression of 1893. Although I was only twenty years old, I determined to get all of my eggs out of one basket.

"The tin industry was new in this country and it seemed to me that it would grow. So I went to Elwood, Indiana, and found a place there in a tin-mill. My knowledge of puddling, heating, and rolling soon established me in my new line of work.

"I took an active part in the labor union of Elwood and was made chairman of the organization. My instinct is to look for both sides of a case. I want facts and time to study a subject. Then I come to a decision. When I reach a conclusion, I stand by it.

"If a roller, intoxicated the night before, befuddled and trembling, squeezed his rolls, that is, got his tongs into them, and was laid off by the company for a week or ten days, I approved that act of discipline. No strike for his reinstatement would occur.

"I was called hard names by some of my union brothers, but I never changed my decisions. The roller was wrong, I would say, and deserved his penalty. It was thought, by and by, that the men in the tin-mills ought to have some share in the municipal government of Elwood and I agreed to be a candidate for city clerk. I was elected and all the union men in Elwood, except four, voted for me. At a later day they gave me a gold watch.

"The city clerk of Elwood was paid \$40 a month. My wages at the tin-mill were \$8 a day. But I hoped that the clerkship would lead to something else. It did. My salary was soon increased and four years afterward I was elected auditor of the county.

I was now in politics and enjoyed the experience. Looking ahead, I thought I might some day be the auditor of Indiana.

"There was an interval of nearly five months between my election and my going into office. I returned to Sharon, to my family in Pennsylvania, and took a course at a business college. My father was still a puddler and I worked a heat or two for him at the mill every afternoon so that he might have a little rest in the hot days of summer.

"In all modesty I believe I can say that I made a respectable county auditor. Politicians at Indianapolis knew me or had heard of me and I was happy in my new surroundings. Then, almost by chance, I joined the Loyal Order of Moose.

"This society, purely beneficial in its objects, was organized in Louisville, Kentucky, in 1888. It paid \$7 a week to members who were ill and gave the family of each member who died \$100 for funeral expenses. Yet the order had not prospered. It had fallen away to 246 members at the time that I joined it, which was 1906—246 members in all of the States of the United States.

"The purpose of the order and its possibilities took my imagination by storm. Here, I thought, is a great work to be done, a work that is worthy of any man's time and ability. I grew so enthusiastic that I was asked the following year to become director general of the order.

"I held that office from 1907 to 1921 and was holding it when President Harding invited me to enter his Cabinet. There are 600,000 Moose today in the United States and lodges in every American city and large town and a number in foreign countries.

"We do more than pay sick benefits and funeral costs. Members die and leave children in poverty. I thought there should be some provision made for the orphans, saying, 'Every child is entitled to at least a high-school education and a trade.' That sentence has been adopted as a Moose slogan.

"We laid a tax of four cents a week on our members and purchased 1,023 acres of land, thirty-seven miles west of Chicago, on Fox River. We made roads, planted trees, and erected beautiful buildings and called our colony Mooseheart. The home and school, and it is both, was opened in 1913. 'Preparation for life' is its keynote.

### The Family Is Preserved

TODAY there are 1,023 orphans at Mooseheart, 115 destitute mothers of children, and a number of old men. Ordinarily, children over fourteen years old are not admitted to the school. We are opposed to the breaking up of families, and mothers without means are permitted to enter the home with their children. There is always work for them to do.

"We have twenty-two vocational training courses. Our children live in cottages. They are dressed like other children, and not in uniform. Fifty of our boys are fine musicians, and have been organized into a brass band. We have baseball, football, and track teams and a company of cadets. Our machine shop, dairy barn, schoolhouse, hospital, entertainment hall, hothouses and cottages are modern in all respects.

"So far, we have spent \$2,500,000 at Mooseheart and are spending \$500,000 a year in its further development. Our revenue for Mooseheart amounts to \$1,200,000 annually. And when I am through being Secretary of Labor I mean to return to Mooseheart and the order that established it.

"It is the work that I love. I have given it fourteen years of my life and all of the energy and enthusiasm with which God has blessed me. Therefore, I have got to succeed as Secretary of Labor. If I do not, I am ruined and I shall have brought discredit to the 600,000 men who have trusted me and to Mooseheart."

Principally, it was Mr. Davis's creative genius as director general of the Moose and his ability as the financier of Mooseheart that brought him into President Harding's Cabinet. Naturally, he is both an organizer and a negotiator. He believes in sitting at a table and talking disputed matters over. All facts, he holds, should be known. But there is a point beyond which discussion is not only useless but dangerous.

"Oh, sign," he said to the meat packers and their employees, when further debate would have been futile, if not provocative. There was no pleading in his voice. No impatience. Nothing but peremptory common sense. The document was signed.

Cheerful, forceful, and decisive, Mr. Davis has the physical and temperamental elements to smooth out the scowling brow of war and show the way to peace. He talks well, of course. Besides, his personality is attractive. He is the best-looking man in the Cabinet. His brown hair is heavy, with just the trace of a wave in it. His teeth are small, white, and even. His short hands and his arms and legs are powerful. Puddling made them so. His mouth is straight and full. Dash and determination can be read in his nose and chin.

"The Golden Rule as given by the Carpenter of Nazareth," he says, will be the law of his office.

"All things whatsoever ye would that men should do unto you, do ye even so unto them."

But there will be no cant; no parade of surface excellence. Just plain business, vigorously transacted.

### What Trade Associations May Do

A SPECIAL Committee of Departmental Managers of the Chamber of Commerce of the United States has been created to consider "What are the legitimate functions of trade organizations." It is expected that a report will soon be made.

The purpose which led to the formation of by far the largest number of these Associations was the informing and education of their members as to many trade practices and problems which could not be effectively dealt with individually.

Much good has resulted from most of this work, not only to such trade lines as have organized, but to the ultimate consumer as well. Standardization of products, containers and shipping methods have helped in delivering to the user food materials not only in more sanitary condition but in convenient quantities.

A few have subjected themselves to criticism and have received special attention by certain agencies of the Government through a misconception of their proper functions and legal limitations, but the number is relatively small. Many of the complaints against them are for technical violations due to a lack of knowledge, or the ability to determine their limitations.

There is, therefore, needed for the guidance of all cooperative organizations an authoritative setting forth of the fundamentals which should govern the proper activities of such bodies and it is towards this end that the Chamber has taken a preliminary step.



# The "Trust Mania" in Germany

Seeking to pull herself from the industrial mire into which the war lords drove her, our late enemy is rushing into every form of consolidation to discourage competition

By FREDERICK SIMPICH



German Women Harvesting Wheat

SIXTEEN Germans lately marched into the Public Works Office at Madrid—where bids were being opened for 119 locomotives. They smiled and spoke pleasantly in Spanish to everyone in sight, and quarreled among themselves—*sotto voce*—in their own tongue. When the bids were opened the German squad bowed, smiled even more pleasantly, and then marched out again—with the order for all the 119 engines!

Then the American, British, French, and Belgian bidders also bowed and marched out; they didn't smile, but they did a lot of thinking—and some cussing—about low German production costs, *bunds*, combines, and "vertical trusts." Nearly all the engine makers in Germany—combined to fight for foreign trade—were represented in that smiling squad of sixteen that booked the fat Spanish order. This incident is reported from a British source. It is of interest if only as showing the state of mind in England towards recent German developments.

From the four winds, in every tongue, come these tales of German combines formed to stifle competition.

The *London Times* tells of a foreign railway company, British owned, that asked seven different British firms for quotations on rails; it was astounded, when it opened the bids, to find that every one of the seven submitted the same quotation—£73 per ton. Then the bid of the German steel trust was opened; and, in spite of the fervent oaths registered in war time not to buy any more German wares for 'steen years to come, the order went to the Germans for these rails—because they bid just £36 per ton! The hymn of hate may help in war; but in peace, business is business.

One Berlin firm quotes Bosch magnetos at £5; in London the same article costs £12. In 1920 England paid \$9,000,000 for German dolls—and many more millions for machinery, furniture, dishes, clocks, dyes, glassware and brassware, silk hosiery, and what not.

Hark to this Dutch cry: "We observe with great disquietude," says the Netherlands Association of Manufacturers, "the business done by Germans in our colonies. . . .

Our own manufacturers are driven from the field, and our business will suffer irreparable injury unless quick measures of relief are taken."

Now comes the Japanese refrain: "The recent arrival of 1,000 kegs of German indigo created consternation in the dye industry of Japan"—for during the war Nippon set up many dye plants, even making enough sulphur blue to sell a surplus to China.

In a late bulletin the Guaranty Trust Company reports that flocks of German salesmen are swarming abroad, even to Asiatic countries, offering low prices and long credits, and that many foreign buyers are now in Germany placing heavy orders for motor trucks, dyes, toys, iron and steel products, pianos, glassware, knit goods, sewing machines, electrical goods, etc.

In 1920 a British official called Germany "a perfect industrial machine, running at low speed, but undamaged in its vital parts and ready to respond speedily to any stimulus."

The "stimulus" has been administered, many say, in the form of trusts and trade combines. Others admit the enormous economic benefits arising from the trusts, but say the secret of Germany's cheap production lies in the meek and lowly mark.

"The low internal value of the mark is a great advantage to the German exporter, of course," said one English observer. "You can hire a German machinist for about one-fourth what you'd have to pay a skilled worker in England; but cheap labor isn't the only factor—the big thing is these vertical trusts."

"Take the Krupp crowd, for example; they'll dig and haul in a train load of dirty red iron ore on Monday, and on Saturday night it emerges from the other end of their big plant at Essen all polished, set up, and

finished with brass trimmings and nickel plate—take your pick from the shiny new output, anything from a big locomotive with steam up to a lantern, a churn, or a pair of skates. And Krupp isn't the largest any more; there's Stinnes, and the Schuckerts, Cuno, Kraemer, Havenstein—talk about the Yankee packers canning everything but the squeals! Why, at Rheinhausen the Krupps catch the fumes from the smelter stacks and make a gas that gives them power to run the mills!"

The popular idea of this "super trust," however, the specter of a vast German industrial combine so colossal, so world staggering that its mere postage account might make U. S. Steel's annual turnover look like the earnings of a Greek peanut wagon, seems hardly borne out by facts.

Whether these trusts are really as yet a serious menace to our own foreign trade in countries to which Germany has access, and whether in years to come they may grow big and strong enough to threaten all world competition—or whether they are simply a new phase of German "system," mechanical, beautifully organized and thought out but obstructed by German internal conditions to a point where their efficiency is badly impaired, remains to be seen. But to students of changing world industrial conditions, they appear to be at least an interesting substitute for government ownership.

## Germany Loves 'Em

GERMANY, of course, encourages combines. Here in the U. S. A., if we knock off golf long enough to indict a tired packer, or a kind old coal king, the fun loving public—right or wrong—invariably cackles contentedly. Not so in Deutschland—Germany



never yet has "treated a trust rough." In 1913 she had over 500 cartels, embracing a wide list of productive industries.

But today it is found difficult to continue many of these old cartel agreements; conflicting claims arising from post war developments among constituent firms, the increasing clamor of labor for a voice in company control and a glimpse at the balance sheet, are steadily forcing the growth of larger combines and trusts—on a new basis of co-operative activity.

But how, you ask, can these big trusts be formed right now, when we hear so much about socializing in German industry? What is there in a trust to soothe and delight a stubborn, propaganda-fed workman with socialistic cravings? The explanation is that these very "vertical trusts" are planned as a great cooperative alternative to State ownership; they offer the advantage of mutuality without eliminating private ownership and initiative. Instead of being run on a communistic basis, workmen can hold stock, get dividends, and they also can have a voice in company control and responsibility, through their labor councils—working through the famous Federal Economic Council.

This quasi official body numbers 320 members and sits in Berlin, in an advisory capacity to the Reichstag. It is divided into committees on manufacturing, mining, banking, trading, farming, etc., and—except for a few experts appointed by the central government—this council is elected by the votes of employers and employees. Its members enjoy parliamentary immunity, and they wield final authority over the trusts.

#### Power Without Experience

TO SEE plainly just how these big trusts grew up so quickly, it is necessary to go back a couple of years, to the days of Karl Kautsky's socializing commission—and the famous "Plan Wirtschaft" or Plan Economy of Wissel and von Moellendorff.

During the War, Germany resorted to forced labor, or "Zwangswirtschaft," with Government control of production, prices, and trade. The German workmen rather liked this system, because they hoped it might lead finally to Government ownership. Then came the revolution, that put the workman suddenly on top; he had the power—but he lacked the brains and experience to revive industry, transport, and production. Here Kautsky's "Socializing Commission" stepped in, and sought to transfer all industries to State control.

But thanks to the Spartacists, a general strike at this moment forced the Government—as a sop to labor—suddenly to pass some hasty academic socializing laws. But, from chaos and prevailing exhaustion, however, no definite steps were taken towards State ownership of coal, iron mines, potash, etc.

Then it was that Moellendorff's ambitious Plan Economy, advocating a system of private ownership of giant vertical trusts, which were in turn to be guided by one supreme master trust, was presented for Government consideration—and supported by Herr Wissel, then Minister of Industry. Its main functions were:

- Central control of raw materials.
- Regulation of production and prices.
- Promoting of standardization and thus cutting costs of output.
- Cutting sales costs by eliminating middlemen, competitive advertising and salesmen, and by consolidating foreign orders and cargoes.
- Conciliating labor by wage agreements and by giving it a voice and responsibility in corporate control.
- Interchange of experience and technical research work.

This "plan" was not warmly greeted by the rich, once powerful German industrial group. But at the moment this group saw no hope for aid or guidance from the Government itself. Revolution had given labor a taste of power; State ownership threatened—and from the turbulent East fell the sprawling shadow of Bolshevism. So, to appease labor, capital yielded to compromise—and harkened to Moellendorff. His "plan" was never written into law—and no German industrial leader ever swallowed it whole. But much of its substance, in one form or another, was adopted. Regrouping, reorganizing, and reshaping began, slowly at first, for infinite delicate details were involved. But today

#### On the Other Hand—

IN FOLLOWING this tale of the giant Teutonic combines, it might be well for the reader to bear in mind the fact that Germany today is a terribly crippled overseas trader. She is without ships, money, or credit. She is confronted with staggering domestic problems such as provisioning, taxation, and housing. Furthermore, the growth of consolidations in America and other countries, the plan to tax German exports, the world slump in demands for goods, all tend to check the ambitions of German business.

Viewing the world as a whole and considering the present plight of the people, the German vertical trust seems to be a potential rather than a real danger. There is no need just yet for American exporters to lose sleep over the prospect of their competition. The story we present here is given to our readers as a timely and interesting experiment in industrial combinations.—THE EDITOR.

some of these many trusts have reached astounding magnitude. One great new trust, the Rhine-Elbe Union, employs 200,000 men!

The giant "Eisenwirtschaftsbund" or Iron Industry Union, is an example of a huge industrial combine which directs all of Germany's iron and steel production, takes care of the home markets and has control of imports and exports. Every iron and steel firm in Germany must join this trust, and obey its rules, or run the risk of having its supplies shut off, or its directors perhaps put in jail.

The various companies grouped into this trust each have their own directors, and the big trust is in turn governed by a board chosen from the various company directorates. Then, above all, is a sort of Political Board of Control which is elected by consumers in the iron trade, by employers and employees—and with this board sits an official commissioner named by the State. The "Iron Parliament," the Germans have named this Board of Control; it has 70 members, 35 of which are elected by the labor unions. All the rules that govern the functions of this giant iron and steel trust are laid down by the Political Board of Control—in which labor has an equal voice—pursuant to Moellendorff's doctrine of "Mutualism."

The central government reaches this Board of Control through its commissioner, who sits at Düsseldorf, in the heart of the iron and steel industry. This board can seize iron or steel from any unit in the trust that fails to deliver its quota to the home market; it can force those who export to spend the

foreign money they take in for food, if needed by iron and steel plant workmen. It has sufficient judicial authority even to fine or imprison such officers in the trust as violate its decrees. It grants export and import licenses, and charges a fee for this service; and the costs of running the Board are paid from taxes levied on the firms that make up the Eisenwirtschaftsbund.

This iron trust is a sample of twenty or more similar combines that now exist, and more are forming.

The big, basic idea of this plan is to reconcile labor and capital. If it continues to work, it means that German labor may gradually be weaned away from the radical socialism, or dreams of absolute Government control or ownership. As it is, the trusts are still absolutely private owned, but labor has fifty per cent control through the boards.

In his last annual report the British Commercial Commissioner at Berlin predicts that "Germany's future rôle will be that of a refining industry rather than of a bulk producer as before the War, when she exported large quantities of semi finished products, such as pig iron, blooms, billets, etc." He says iron ore consumption—most iron ore being now imported—will be worked up to the highest stage of manufacture, for only by this means can Germany set off her purchases of foreign raw materials.

#### The Assimilation Goes On

SMELTERS and steel makers are acquiring coal interests," says the British report, "and assimilating rolling mills, sheet metal works, shipyards, etc., and mechanical and electrical concerns are entering into agreement with iron and steel mills with a view to insuring a sufficient supply of raw materials." The Rhine-Elbe Union, mentioned above, is such a combine; it includes the Deutsch-Luxemburgische Bergwerks und Hutten A. G. and the Gelsenkirchener Bergwerks A. G. with their various connections, the Siemens-Schuckert Co., Siemens and Halske and the A. G. Schuckert.

These are powerful forces in any war of competition.

The old horizontal cartel, or a combine of factories making similar products, like the Stahlwerke Verband, is giving way to the "vertical trust"—like Krupp's and the Eisenwirtschaftsbund.

A curious phase of these trusts is the issue of "preference shares," with five, ten, and even fifteen fold voting power. The Germans do this, they say, through "Überfremdungsgefahr" or the fear of foreign control—all these preference shares being of course issued only to Germans.

The engineering trades have, on the other hand, been conspicuous in the issue of new capital—caused by high raw material costs and depreciated currency.

In the chemical industry, too, the trend towards amalgamation is increasing. The Coal Tar Union, formed by law last summer, is a significant case—controlling everything from fuel oil to aspirin. The firms Bismarckhütte, A. Borsig, Berg und Huttenverwaltung, Consolidierte Gleiwitzer Steinkohlen Grube, Graflich Schaffgotsche Werke, G.m.b.H., Kattowitzer A. G. für Bergbau und Eisenhüttenbetrieb, Oberschlesische Eisen-Industrie für Bergbau und Huttenbetrieb, Oberschlesische Kokswerke und Chemische Fabriken A. G., are all combined now under the name "Chemische Werke Oberschlesien G.m.b.H.," in order to work up and exploit their production of tar, benzol, and ammonia. So, too, it is reported, the "German Dye Works Combine" has been extended to 1999.



It is also planned to combine the nitrogen producing plants at Oppau and Merseberg into a corporation with five hundred million marks capital.

In brief, the German chemical trade seems to have weathered the post war storms very well; it is consolidating, it seems, and backed by its united plants and experience it will strive to win back its old markets.

The German potash industry, also, combined into a trust of 216 different mines, regulates production and prices, and controls

home and foreign markets—managing to sell the German farmer at less than actual cost of production, making its profits on exports.

So, too, certain German and Dutch margarine and oil works have united, to assure the German fat supply and to overcome difficulties of exchange in the purchase of raw materials abroad—the Dutch planting and manufacturing firms overseas supplying the imports. Chocolate is also included in this combine.

As these growing combines absorb smaller

factories, so, too, the larger German banks are swallowing up the little fellows. This means, in turn, that only the strong combines can get credit for export and import purposes.

And price adjustments, fixed by the boards of control, enable manufacturers to make firm quotations for export—even when the gymnastic mark is most nervous.

Such is the tale of these trusts—in the hatching. Time alone, i.e., future political events in Germany, will establish their actual value as weapons in world trade competition.

# A Closed Shop for the Farmer?

Not by legislative favor but by fair play will his new plans for cooperative marketing give him an effective outlet for his products—The lesson of North Dakota

By GEORGE W. ALGER

*Author of "The Old Law and the New Order"*

**C**ERTAIN recent untoward events have greatly extended the program of the so-called farmers' cooperative movement. There are dozens of these cooperative associations today, with membership aggregating, not thousands, but millions of producers.

Fruit growers, wheat growers, cotton growers, dairymen, and federations of these groups, in the farm bureau federation, are preparing not only an economic but a legislative program for presentation at Washington and at the legislatures of the various States. Their representatives speak for groups, large not only in membership and in political importance but in property values. They have economic objects and plans for attaining them by cooperative action and by legislative means.

At the bottom of this sudden development within the cooperative movement is a belief by the farmer that he receives less for his produce than he should, or could get under a more equitable and efficient system for the sale of his produce. Present conditions have perhaps unwarrantedly induced this belief.

The discontent of the farmer with the returns for his 1920 crop is widespread. That crop was produced under abnormal costs, compared with those of previous years. His labor and fertilizer costs were more than double, and everything which the farmer bought in his daily life was purchased at an inflated price. The crop produced was a bounteous harvest, in some respects the most abundant this country has ever produced. Corn was a record breaker, more than 3,150,000,000 bushels; cotton was the largest crop since 1914, aggregating nearly thirteen million bales; wheat was above the ten-year average. But the collapse of the foreign market has left to the American farmer only a glutted American market for his products and he is taking a severe loss.

These causes which have affected the farmers' market are recognized and understood by merchants and financiers, who have suffered from similar conditions. The misfortunes of the farmers, however, have been used by some of their leaders as an effective argument for an increase in cooperative activities. Farmers were told to attribute their adversities to the rapacity of packers, middlemen, bankers; to corn and cotton exchanges and speculators, and to the absence of adequate systems of distribution; in short,

the farmer is asked to believe that all established systems are "loaded" against him.

The proposal, therefore, is made that the farmer should be his own middleman. The cooperative association has been held up to him as the ideal of a new dispensation in marketing. The Grain Marketing Committee of Seventeen now proposes a nationwide plan for warehousing and selling grain, which shall dwarf previous cooperative enterprises.

Up to a certain point, practically the whole country sympathizes with the farmer in this new program. It wants and can profit by any and every improvement in distribution. No system of distribution obviously has any right to live which cannot justify itself in economy of operation in fair competition with any other system. This new farmers' movement, now making such rapid headway, is a warning to every present instrumentality of distribution that it must be prepared to meet that test to justify its economic right to live. Every unfair practice, every fraud, every unnecessary cost, every waste movement in the mechanism of distribution has its reason for alarm.

A wise and statesmanlike policy on the part of the heads of the cooperative movement would have placed in opposition to it only those who profit principally or solely by waste, fraud, extortion, or speculation in the handling of crops or farm produce. The dangers which the leaders of the movement should see, but apparently have not yet seen, is that of completely antagonizing all other interests in the country.

The North Dakota experiment collapsed, not merely because it was fundamentally unsound, but because, organized as it was in hostility to the legitimate interests of the country as a whole, as a class war movement, it aroused the intelligent opposition of those who felt that the movement was a peril to the country itself. Few legitimate, well-developed, and organized systems of distribution have anything to fear from any fair competition with cooperative marketing methods on any showing of results, either to the farmers or to the consumer. The business of distribution in our Country, in the main, has been developed by extended competition in efficiency.

Cooperative distributing systems, such as are current in Europe have made little headway in America because of the relatively greater efficiency of our distributing methods.

No fair-minded man can question the right

of the farmer to organize or develop cooperative systems. Many of these organizations have existed for years, and have performed satisfactory service for their members under methods wholly within the limits of our law. There are two proposals, however, in the farmers' cooperative movement, now current, which should receive emphatic disapproval, not only by business groups, whose interests are directly affected, but by the consumer as well. The consumer is, or should be, unwilling to have any existing instrumentality of distribution destroyed or crippled, except by the substitution of a more efficient one. The consumer is, or should be, unwilling to have any such system destroyed in order that its place should be taken by something entirely different, not only in efficiency but in purpose; by a system, not of distribution but of toll taking, by which the largest possible price shall be taken from the consumer and paid to the producer by cooperative organizations acting as price-fixing monopolies, conducted on an enormous scale and intended for the interests of the producer alone, and exempted, if the cooperative legislative program should pass as scheduled, from the restraints of the Federal and State anti-trust laws.

Already, in some States, statutes have been enacted; for example, in New York, where the State anti-trust act and the penal law defining criminal conspiracies have been amended so as completely to exempt cooperative associations from all the prohibitions against restraints of trade, which are applicable to merchant and to the manufacturer. The demand is being made that similar enactments should be contained in the Sherman Anti-Trust Law.

This movement and this program mean the return of the question of whether or not it is desirable in our Country to exempt from the provisions of our anti-trust laws the two largest classes in American society, namely, the farmer and the laborer. A start toward the acceptance of this principle, conceived and enacted in the spirit of class cleavage, was contained in the Clayton amendment of the Sherman Act. The language of section 6 was studiously vague and the construction which the United States Supreme Court had given to it in the Duplex case, declaring that a secondary boycott had not been legalized, also clearly holds that the Clayton Act today does not authorize a conspiracy in restraint of trade either by farmers or laborers.



The question now confronting us, therefore, is whether or not our Federal or State laws should confer in plain words class exemptions, which the Clayton Law, as now construed, does not contain, or whether other policies, not negative but constructive, animated not by class but by a national consciousness and purpose, should be adopted instead. On this program, the farmer and the laborer are indissolubly united. If such a program of class advantage is right for one, it is right for the other.

Arguments are now being urged by the representatives of the cooperative groups, demanding such exemption in one or the other of two forms, either a complete exemption of the cooperative association, or the transferring of jurisdiction from such associations from the courts to some commission or department, where a special or favored construction can be expected.

Such legislation as shall enable these cooperative associations to function effectively should be enacted. If by fair means and by greater efficiency these associations can either supplement or supplant methods of distribution now in vogue, older methods must go and society as a whole will be benefited.

The question of whether these great new forces should, however, be permitted to operate without effective limitation upon their powers necessary for the protection of other than their own members, however, is quite another matter. We cannot permit any class movement to run amuck to the peril of our institutions.

The new demand for the unlimited right of a cooperative to operate, exempt from the restraints of the Sherman Law, should be wholly denied: First, because, it is unnecessary for any proper and legitimate work which such associations can perform. Second, because to authorize the organization of price-fixing pools for the artificial control of farm produce is bound to fail and to fail disastrously, with great injury not only to the farmers themselves, but to the community as a whole. Recent attempts at price-fixing in grain already have made clear this proposition. Further attempts along similar lines should not be encouraged by statutory enactments.

A third reason for denying this exemption from the Sherman Law and the State Anti-Trust Law also is one which has been little considered. It is this: It is wholly undesirable to re-create in a new field some of the great and perplexing problems of labor union development. There is of course

a difference between the development of unionism, which comes from the conviction of the worker of its value to him as a worker, and the unionism which is forced on him by the necessity of being a union man or having no job. There must be a difference in the same way between the cooperative association,



which gets its members by being able to show in a practical way its larger returns, and that which comes by compelling an unwilling and unconvinced farmer to accept cooperation or to have no market for his produce by use of a close equivalent of the boycott and the closed shop.

The demand for an exemption from the anti-trust laws for the cooperatives would mean, if it succeeded, two things. It would mean the legalization on a large scale of price fixing and of attempts at monopolies, which are today forbidden to manufacturers and dealers. It would mean also that the closed shop and the boycott under new conditions would be used as a means of forcing an artificial and unnatural growth of the producers' solidarity.

Any study of the propaganda literature of cooperation, now current, any study of current organization methods, will show the extent to which today its arguments are for class war, calling to

the individual farmer as a member of a special class to take arms against all existing instrumentalities of distribution indiscriminately denounced as his "enemies." These, he is told, if the program urged upon him succeeds, will be destroyed and supplanted by a "farmer-over-all" organization controlled by his class and devoted wholly to his interests. This propaganda calls for class loyalty. The consequences of failure to respond to this call are pictured in a way calculated to alarm the "laggard," the "slacker," and the "camp follower," terms indiscriminately used to describe the farmer who does not respond to the call. Any

critic, no matter how sympathetic to the true interests of the farmer, who does not accept today unquestionably this full program, is denounced as a hireling of the interests. A political subserviency is demanded of legislators from country districts, which requires courage in a high degree to withstand.

The cooperative movement must succeed, not by special privilege, under unequal laws, not by attempting monopoly, which is sure to fail and fail disastrously, but by a legitimate growth due to a fair demonstration to unconvinced and convinced producers of its ability to perform the essential service in distribution now done by others, in a more efficient, economical, and less wasteful fashion than at present and to the benefit not only of producers, but of consumers as well. The results so obtained will rest upon a solid foundation, and by such means only can they be made secure.

So much of the cooperative program as faces toward class war must be abandoned. The Clayton Act represented the wrong way of meeting our industrial problems. The decision of the United States Supreme Court in the Duplex case represents the beginning of the return of an overswung pendulum. It means something more than a determination that the secondary boycott is against American law. It marks, or should mark, the end of a chapter, the chapter which sought to write class privilege into our law by an amendment to the Sherman Law, conceived and enacted in the spirit of class cleavage.

A new vision for the commonwealth is needed. Ways and means must be sought to meet the very serious injuries sustained by the farmers by the closing of the avenues of foreign trade: for the abolition of the class war movement between labor and capital in the operation of industry by the substitution of something constructive, conceived in a friendly spirit and having a look to the future. Our public is sick of propaganda which gives one-sided views.

The reorganization of the Department of Commerce under Mr.

Hoover is a long-needed start in the right direction. As a substitution for the class war movement, sane, fair-minded men must be found in all groups,

who are capable of cooperating under his leadership on a constructive and inclusive program. The era of bad blood must give place to the era of good feeling. The vital interests of the American people are served only by industrial peace based on industrial justice,





# The Budget, Just Common Sense

It would rid the Government of brainless bookkeeping systems and give us all, as stockholders, a better and clearer knowledge of how our biggest business stands

By **WALTER W. WARWICK**

*Comptroller of the United States Treasury*

## Wanted: A Few Open Enemies

**EVERYBODY** seems to be for a budget; why doesn't the bill pass?"

This question was submitted to one of the best-informed advocates of a budget system for the United States. He answered:

"Sometimes I think such a movement is hastened by a little opposition. Moreover, a few of the men who are clamoring for a budget system are insisting that none but a perfect system will satisfy them. And perfection is a difficult thing to attain immediately."

If there is opposition to the budget it is underground opposition and that is the hardest to fight.

The article by Judge Warwick is of value because it is the view of a man who for a number of years has had a finger on the Government's financial pulse and who knows, better than most men, the weaknesses of our present system.—THE EDITOR.

IT IS an old story—the need for a national budget. The Chamber of Commerce of the United States for nine years has urged upon Congress and executive officers the need for a budget system of handling national finances. Its work was interrupted by the war. Then the relation between receipts and expenditures and economy of operation were not subjects of first importance. The sole purpose of the people was that the war be won in the shortest time with the minimum loss of life. The cost in money hardly rose to the dignity of a secondary consideration. It was immaterial. Everything gave way to success in the fight for national life.

Before the war our national debt was about one billion dollars, while at the present time it is about twenty-four billions. Before the war the annual expenditure of the Government, including maintenance of the postal system, which is practically self-sustaining, was about one billion dollars. Now the expenditures cannot yet be kept within four billions.

We cannot reduce the expenditures of four billion dollars to anything like the one billion before the war. This is apparent when we remember that there are large fixed charges of the most urgent character. First in importance as an obligation is the proper care of those injured in the service of the Country in the late war, and pensions and provisions for those of former wars. Second is the interest and sinking fund on the public debt which requires one and one-quarter billions annually. These and other fixed items will aggregate two billions annually, so that at the present time the question is not one of returning to the expenditures of five years ago, but whether the total can be reduced below four billions a year and how long it will be before it comes down to three billions. This will depend upon the progress made in the future toward a safe limitation of national defense expenses.

## It's Needed More Than Ever

IF THERE was need for a budget system when the Chamber of Commerce first urged its adoption the present situation presents a need aggravated by the rapid change in conditions.

I am asked to discuss briefly a budget system adapted to our needs. As the wealthiest Nation and the one having the best form of government we want to see adopted a budget system suited to our form of government. It is frequently said that the budget, as it is known in Great Britain or France, or other foreign countries, is not adapted to our organization. That is true, and yet is no reason why we should not have a system of our own containing the best features found valuable in the experience of other countries. The whole system as we may adopt it should be distinctly American

and completely in harmony with our form of organization and methods of transacting business. Although the independence of the legislative and executive branches is not found in the same degree in other governments, that fact does not prevent the successful operation of a suitable form of budget procedure.

Having in mind our need for a workable American budget, we may recognize at the outset, due to our methods of handling subjects of taxation and the receipt and expenditure of public money, any reform such as a change to a budget system will be a matter of growth. No one should expect any law upon this subject to work miracles or even to be generally satisfactory. I think it safe to say, however, that when a start has been made, early experiences will point out the best form and if within five years a national budget system is in operation and is generally satisfactory there will be no cause for complaint.

The adoption of a budget system does not automatically cure all the real or imaginary defects in Government organization and operation. A budget system will, however, place before the people of the country the facts regarding the sources of revenue of their Government and the purposes for which the money is expended.

Facts concerning public affairs are as important as they are difficult of ascertainment and analysis. I venture the prediction that after the adoption of a budget system the annual budget message submitted by the President to Congress will be the most widely distributed and interesting document the Government publishes.

It is possible in such a message to give to all the people the facts they should have, and men of ordinary intelligence will be able to understand as they never have heretofore, what their Government has done in the past year or two, what it is doing in

the current year, and what the executive branch of the Government recommends as the program of activities for the coming year. This program may well set out the sources of revenue, the recommended changes in revenues either by increases or decreases as may be necessary. When the public is informed in some detail concerning the work intended to be carried on in the coming year, and has reached the conclusion that all the work outlined is desirable, they will have no reason to complain if such a program involves an increase in revenue.

I think it is clear that the existing methods do not make the situation plain to the average man. There is no systematic effort made by the executive or legislative branches to make both ends meet. The method by which expenditures authorized in excess of anticipated revenues are to be met is not given full consideration at the time.

My understanding of the proper function of a budget system is that at one time, say annually, all the questions relating to the estimated revenues and estimated expenditures for a given fiscal year shall be considered and a conclusion reached as to the policy to be adopted. This conclusion should be arrived at after a consideration of all the elements involved and in the light of accurate information concerning results obtained in the current year and prior fiscal years.

## Must Be a Tailor-Made Form

A SYSTEM adapted to our form of government will authorize the executive to submit a budget to Congress and to accompany it with such explanation and such detailed analysis of the estimates, both revenues and expenditures, as may be necessary for the information of the public and of Congress. Such a budget proposal would leave Congress free to adopt it in whole or in part or make such modifications as may result from its separate investigation of the facts or its independent conclusion as to what is best. Probably a result of such a submission of a budget would be that very soon the question of responsibility would be definitely fixed, and if Congress made appropriations for the operation of the executive branch of the Government in amounts different from those recommended by the executive the responsibility for the change could be fixed and the people could determine whether they approved the action of the executive or the legislative branch.

It is evident that all appropriations for a year can be carried in one bill except those for unusual emergencies or new work coming on and the inevitable small deficiencies needed because of inaccurate estimates or changed conditions. Possibly 99 per cent can be so carried.



I do not believe a budget system should be considered in any sense as giving to either the executive or the legislative branch a controlling influence over the other. I look upon such a system merely as an orderly procedure dictated by all the experience of large business concerns as well as by the experience of other Governments and by that of many of the governments of our own States.

At the present time there is no balance sheet of the Government outside of its cash account. There is no statement of current assets and liabilities. There is no statement of receipts and expenditures except the annual statement by appropriations, and that is made from the books of the Treasury Department and necessarily cannot include the detailed information as to expenditures actually made in all departments.

There are literally hundreds of financial statements made by the ten executive departments and the bureaus thereof as well as by establishments independent of the departments. These reports are scattered through many publications and it is fair to say that no two of them are made upon the same plan. Very few contain information of value. There is no classification of Government expenditures by which in one place all the expenditures of the various branches of the Government may be brought together under established classification heads. There is no method by which comparison may be made between the cost of operation of various activities or the cost of construction work or purchase of material or supplies and it is well known that there is no standardization of salaries for those rendering service to the Government. There is, of course, some standard established in such organizations as the postal service, but there is but little relation between the compensation for similar services in the various public departments and establishments. A classification of work and of salaries is important.

### Keeping Up the Personnel

IN CONNECTION with the budget system attention must be called to the half-million of our fellow citizens who are operating the machinery of Government. I refer to those in the classified civil service, many of whom are making a life work of Government service. No large corporation has a force that will compare with the Government civil employees in intelligence, loyalty, industry, and ability.

In any plan for budget reform it must be kept in mind that a reasonable compensation must be paid if the class of employees needed for the immense business of the Government is to be retained and developed to the highest state of efficiency. The Government is operated by these employees and upon the character of their service more than that of higher officers the success of the Government operation is dependent.

It would serve no useful purpose to criticize the existing methods of preparing the estimates submitted by the various departments and by law required to be transmitted without change by the Secretary of the Treasury to Congress in the annual book of estimates, nor to criticize the methods by which Congress has attempted to determine, in the case of each bureau or subdivision, the amount that ought to be appropriated for its work. In many cases Congress has minutely itemized to the last employee the amount that should be paid for services while in other cases it has granted large sums with practically unlimited discretion in executive officers not only in fixing salaries, but in the

methods by which the purpose of the appropriation shall be accomplished.

Congress has generally made large reductions in the estimates submitted. This, no doubt, is necessary, but it has the inevitable result of estimates being submitted for a larger amount than is absolutely essential. Whether or not Congress reduces some estimates enough and some too much is a question always open for difference of opinion. The task is too great for the force engaged upon it in Congress. The information which the committees of Congress develop by hearings is at best incomplete and frequently furnishes an inadequate guide to a just and accurate conclusion.



The Washington Monument from the Treasury Building

Present conditions are to be remedied, in my opinion, by a budget law similar to that considered in the Congress which adjourned March 4, 1921. The bill as finally agreed to by both Houses was, as is usual in legislation, a compromise of the different views urged by the Members who had made a careful study of the subject. Only experience will demonstrate the best system. I believe that if a budget bureau or a staff of exceptionally capable men is employed under the direction of the President, to work all the year in examining the needs of the departments and formulating under the President's direction a comprehensive report for the President to submit to Congress, the start can be made toward securing the system best adapted to our needs.

In order that Congress may have its constitutional control not only over appropriations and revenue legislation, but also over the collection of revenues and the expenditure of the public money, it is necessary that

Congress have reports from an agency created to give what is called an independent audit of accounts. The budget bill in the last Congress proposed to create a general accounting office to take over the present duties of the Comptroller of the Treasury and the six auditors of the Treasury and to have also large additional responsibilities in establishing a uniform system of accounts and in reporting to Congress upon all matters relating to the economy and efficiency of Government expenditures. It is proposed that officers from this office shall sit with committees of Congress upon their invitation and furnish information upon the subjects relating to the receipt and expenditure of public money.

This plan of placing responsibility upon the Executive and giving to him a small force of capable men to devote their time exclusively to the subject from the executive point of view, and the placing upon the general accounting office of the duty to make reports and furnish information to Congress as a basis for its conclusions, will present a system which it is generally conceded will be a great improvement upon the present system or lack of it.

Without going into details upon which there must be difference of opinion until the teaching of experience is had, I think it sufficient to say that a national budget system when perfected will be an orderly and businesslike method of handling Government finances and be the most important reform in that line accomplished within the past one hundred years. The period for discussion as to the need for a national budget system certainly is past. I know of no controversy as to the need. It is confidently to be expected that the special session of the new Congress this spring will take up the subject in accordance with the President's recommendation and in a short time reach a conclusion so that the start may be made in this important reform.

### Don't Monkey with Nature!

DANGEROUS, indeed, are the attempts to interfere with nature. Trinidad in the West Indies wished to rid itself of rats and snakes, so it imported, from the neighboring island of Santa Lucia, the mongoose, which specializes on eating both snakes and rats.

The result has been seriously to cut down the sugar production of Trinidad. The illogical mongoose, turning aside from its duty of eating only rats and snakes, began to eat a variety of lizard which had been in the habit of eating the "froghopper," which in turn destroys the sugar cane.

So we have a "vicious circle," more mongooses (it is difficult not to write mongeese), fewer lizards, more froghoppers, less sugar cane.

Honolulu once tried a similar experiment. It imported the mongoose to eat the Japanese beetle, which was destroying the flowers. The mongoose, however, preferred the frog, which was a more potent enemy of the beetle and left the insect pest to thrive unhampered. More mongooses, fewer frogs, more beetles, fewer flowers.

In one district of Mexico, coyotes were thought too common. Poison was brought in literally by the carload and the coyotes suffered. The result was that rabbits increased so that they destroyed the chief food crop of the country. Fewer coyotes, more rabbits, fewer beans, fewer men.

It's a dangerous task, this trying to improve on nature.





### The Call of the Grass Roots

**A**S WE LOOK out of our south window across the Potomac a man in shirt sleeves hurries by to the park with a golf bag over his shoulder. Sure enough, the magnolia has been in bloom for two weeks; come to think of it, tiny frogs made themselves known a month ago and bees, two Sundays since, were industriously gathering pollen. By now in Bellingham and Minneapolis tulips are in bloom. That settles it, spring is here.

But nature is not alone in her signs. Man, perhaps, reacting to her, sloughs off winter's conservatism, yawns, stretches and looks around. Kipling calls it "the spring running," when pent-up energy and faith and courage swing nature's children into action. The Federal Reserve Board notes this phenomenon—though veiled, of course, with officialdom's language—and registers activity in the business affairs of the Nation. An enterprising insurance company of Baltimore polls the country and finds "that the worst has passed."

And our own Archer Wall Douglas, studying reports of 800 men in every section of the country, looks up long enough to tell us that out at the crossroads store Si Perkins opines that "business is pickin' up." Get ready for customers, all of you, when that report comes in from the grass roots! It means more than bank clearings, the rate of call money and all the rest. It means that spring is here, seed-time, cultivation, germination, creation! And a business lethargy that can survive spring is some sleeping sickness—much more serious an ailment than anything we have observed around these parts during the winter of 1920-21.

### Get Back of Your Congressman

**W**RITING in THE NATION'S BUSINESS for February, Mr. Harry A. Wheeler took the American business man to task for neglect of duty in his attitude towards the men he chooses to make the laws. We criticize him after the act; we do not strengthen his hands in opposition.

The voice that is heard is the voice that favors legislation as a cure-all, that cries out for our appropriation. The wise counsel of economy goes unspoken; no one says "let us be certain that we shall not create a worse condition than the one we seek to remedy."

A speaker at the recent meeting in Chicago of the National Federation of Construction Industries told a story that makes plain how sound was Mr. Wheeler's advice. He had written, he said, to a prominent congressman and had asked him about the maternity and infancy federal aid bill which had passed the Senate. Would it come before the House and if so would it be passed?

The congressman's answer in effect was:

"I hope the committee will smother it. It is absolute'y vicious. It can't possibly lead to any tangible result. But the sentimental backing for that bill is so great that when it comes before the House I shall vote for it."

Letters to half a dozen other leaders of the House of Representatives, said the speaker, brought like answers.

Said a visitor to the office:

"I told my congressman friend that a bill was extravagant and unwise and he retorted, 'Why then did your partner sign a petition in favor of it?'"

"I taxed my partner with his shortcomings and he said: 'Oh, well, a bunch of women brought in the petition and I signed it. I didn't know whether it was to promote or discourage something!'"

How many men have signed petitions for something and have denounced it in private? How many are ready, if they believe certain economic legislation ill-advised, to sit down and write their representatives in Congress that such a bill places an unfair burden on the country?

What Congress wants and what Congress has a right to expect is "advice in advance." It may be difficult to get sentimental backing for economy and common sense, but it can be done.

### What Form of Taxation?

**I**N March, at the first meeting after voting had closed, the Board of Directors of the United States Chamber of Commerce canvassed the ballots cast in its referendum upon the report of the Chamber's Taxation Committee. A large pamphlet has now been published showing exactly how each organization voted, with notes setting out qualifications and suggestions which some of the commercial and trade organizations added for the purpose of indicating the program of taxation they favor.

Although other questions which were submitted in the referendum, and respecting which the Chamber now has a position as a result of the balloting, are very important, most interest centered in the form of taxation to be used to produce any additional revenues the Government may need after the excess-profits tax is repealed. The Chamber's committee recommended that income and excise taxes should be levied so far as such revenues might be required, and that a sales tax should not be used as the means. On this question—whether the committee's proposal or a sales tax should be the source—neither the committee nor the advocates of the sales tax won. The income tax has been too much of a present burden to attract many votes. The balloting accordingly failed to support the part of the committee's recommendation relating to income tax but went heavily in favor of special excise taxes. At the same time, it failed to support the sales tax as an alternative to the committee's plan.

The consequence is that, so far as the Chamber is concerned for the present, the income tax as a source of new revenue and the sales tax as the source to be relied upon, both fall out of consideration. The Chamber neither supports them nor opposes them. It simply has no attitude. This results from the nature of the Chamber's procedure, under which propositions are put up, but result in no formal position for the Chamber unless they obtain the support of two-thirds of the votes cast upon each.

On the ballot appeared another question about a sales tax, affording members an opportunity to say whether or not they advocated a sales tax in conjunction with other new taxes upon incomes and in the nature of excises. This proposal likewise failed to obtain the support necessary to commit the Chamber.

Finally, there was opportunity for organizations favoring a sales tax of any kind and in any degree to indicate which of three forms they preferred. This opportunity was merely supplemental to the two direct questions about the sales tax, and consequently the preferences expressed have no effect for the Chamber, since the Chamber was committed upon neither of the direct questions.

The whole question about taxation will again come before the Chamber at its annual meeting in the last week of April. The widest possible opportunities for discussion have been given in the program. Out of the annual meeting may come decisions upon the questions on which no results were reached in the referendum.



# Restoring the World's Commerce

The statesmanship of business will be called upon at the forthcoming meeting of the International Chamber of Commerce to be held in London

By JOHN H. FAHEY

*Director for the United States of the International Chamber of Commerce*

**T**HE Restoration of the World's Commerce is to be the dominating subject of the meeting of the International Chamber of Commerce, to be held in London, beginning June 27, 1921. The related questions:

"What are the most serious obstacles to the restoration of commerce?"

"What are the most important immediate steps to be taken?" are naturally those which will be discussed.

The subject, and the fundamental questions involved in it, are the most important before the world today. They go to the bottom of the whole problem of bringing back better business as well as happier conditions of living and opportunity for future progress and development.

More clearly than ever before, it has come home to the people everywhere that the efficient and steady expansion of the world's commerce is the greatest influence in all progress, and measures the degree of contentment and happiness which men may enjoy.

This meeting of the bankers and business men of the leading countries of the world, therefore, to take up seriously the question of what they may do to hurry the process of reconstruction, after two and one-half years of experience following the Armistice, is of very great importance. It is upon the shoulders of these men that the task falls of restoring to full operation, with as little delay as possible, the world's facilities for doing business which were so sadly disrupted by the war.

## The World Must Look to Business

**T**HE statesmen of the nations may devote themselves to the adjustment of political problems, which of necessity have a vast influence on economic development, but, after all, it is to the business and financial leaders that the world must look actually to put its practical everyday affairs in working order again.

Wise statesmen today not only welcome but seek the counsel and advice of the industrial, commercial, and financial forces, and those forces can hardly expect that progress in restoration will be as rapid as it should be, unless they are prepared to offer their cooperation.

Such cooperation can hardly be effective or useful unless it is organized, and the suggestions offered by the commercial interests are the result of careful study and a full exchange of views on the part of experienced men of the different countries.

Aside from suggestion to, and cooperation with, the governments it is clear that there is much that the business men and bankers of the leading countries may do on their own account to remove obstacles to the free flow of commerce, without waiting for the negotiations of statesmen, or the legislation of parliaments and congresses.

Certainly, if the world's business leaders have nothing to contribute toward the solution of present problems—if, beset as they

are on every side with discouraging and disheartening conditions, they are unable to contribute by their thought and efforts toward the application of remedies, the outlook for better conditions during the next ten years is not particularly happy.

In the past, the commercial and financial organizations of the various countries have given aid of immeasurable value in dealing with disturbed conditions, and there can be no doubt of their ability to render similar service now.

The meeting at London, therefore, should be an occasion for agreement among the representatives of world business on practical steps which may be taken to improve present commercial conditions.

The meeting in Paris, in June of last year, when the foundation of the International Chamber was laid, was largely for purposes of organization. That it resulted in an agreement for the creation of a permanent organization, which was unanimously approved by all the countries participating, was of itself a notable thing. The London meeting will be the first general assemblage devoted entirely to the task of securing agreement on policies which world business as a whole is prepared to support and work for.

The meeting will be attended by the leaders of business and finance of most of the important European countries, and it is likewise expected that South America and the Orient will be well represented. The delegation from the United States will apparently exceed one hundred in number.

Aside from the general meetings, which will be participated in by all the delegates, and which will be devoted to general surveys of the problems affecting finance, production, transportation, distribution, and restoration of the devastated regions of Europe, there will be separate group meetings in the interim between general sessions, and special problems in each field will be taken up in detail.

In the group meeting devoted to the topic: "Restoration of the World's Finance," for example, such subjects as Exchange, Credits, National Budgets, Duplicate Taxation, Rights of Banks in Foreign Countries, and similar fundamental questions will be given special consideration.

The problems which are peculiar to the field of land and ocean transportation and communication by cable and wireless will be dealt with in a group session on Transportation and Communication. The many common questions affecting production will be taken up in a group meeting on that topic.

The same course will be followed with reference to distribution, as well as the special problems which are involved in the rebuilding of the devastated regions.

It is possible that other special questions will be placed on the program, but the intention of the Directors is to concentrate attention upon a limited number of problems of outstanding importance on which real action may be had.

With the creation of a permanent headquarters for the International Chamber of Commerce, the organization of a staff of experts in connection therewith, as well as the cooperation of commissioners, representing each of the countries permanently attached to the headquarters, the business and financial interests of the world now command for the first time a piece of machinery capable of rendering practical assistance such as has never before existed. With this organization at work for months in advance of the London sessions there is every reason to believe that significant steps may be taken toward the promotion of better world commercial conditions, and the establishment of some order in the place of the chaos which now exists.

Certainly no country in the world can have a greater stake in the International Chamber of Commerce than the United States. Every intelligent business man in the country now understands, if he failed to understand before, that, with its present enormous capacity for production, the United States cannot hope for stability of business conditions, and a real foundation for domestic prosperity, unless we are able to dispose regularly of our surplus products.

We are unable to do that today, and our stocks of foodstuffs and raw materials have accumulated to the point where it becomes necessary to limit production, while our factories by the thousand are wholly idle or working on only part time because our former customers, and the new buyers developed during the past four years, are unable to purchase.

We have been forced into world-wide commercial and financial activity in fields where our understanding is limited. The confidence with which many of our business men undertook business abroad a few years ago has been shaken severely by the experiences of the last eighteen months, and we now see that there is much for us to learn in connection with world problems.

We must make up our minds that we will learn, that we are ready to take steps to insure our prosperity at home, and that in fair competition with other countries of the world we are not afraid to take our part in expansion abroad. If we are to do these things however, it is obvious that there is no feature of the undertaking to which we may address ourselves with greater advantage than that of cooperation with the bankers and business men of other countries in straightening out the endless tangles which exist as a result of the war, and establishing that confidence which is absolutely essential to the movement of trade.

## Keeping the Temperature Even

**F**ROM the list of coming conventions published in *The Kansas Citizen*, organ of the Kansas City Chamber of Commerce:

Refrigerating Machinery Manufacturers' Association.

Supreme Caldron, Daughters of Mokanna.



# For Freedom of the Underseas

Here is the American viewpoint on the much discussed and highly important controversy over what shall be done with the German cables seized by the Allies during the war

By CLARENCE H. MACKAY

*President, Postal Telegraph-Commercial Cable System*



OF THE privately owned cable mileage of the world, 90 per cent is in the hands of Great Britain and the United States. British companies own and control about 58 per cent of the 225,000 miles and American companies about 32 per cent. All of the cables operating between the United States and England are controlled by American companies.

We may well be proud of the enterprise of American business which has made this possible without subsidies or guaranties of any kind. It was keen, aggressive competition between American companies backed, in great measure, by American capital which made this possible. No small part of the English privately owned cables were laid under the stimulus of Government support by subsidy or guaranty.

The American public and the American Government may rely upon the American cable companies keeping well in advance of the expansion of our foreign trade. But to do this, the American Government must support them vigorously in securing privileges in Europe equal to those which are granted in this country to foreign companies. A fair field and no favors is all we ask.

It is to secure this fair field, that we have urged upon the Government that it insist on the restoration to service between the United States and Germany of the former German cables seized by England and France during the War. This is not the concern only of the company of which I am the head; it is the concern of all American trade and commerce. Nearly a third of our prewar cable traffic was between the United States and Germany, and in 1913 these two cables carried more than 800,000 messages. Direct communication between this country and northern and central Europe is a most valuable asset to the commerce of this country. The two German Atlantic cables were laid in 1900 and 1904 and ran from Emden, Germany, to the Azores (1,960 miles), and thence to New York (2,357 miles), where they were brought into our cable station and operated by The Commercial Cable Company under a contract dated August 3, 1899, which contract has still twenty years to run.

The sections of these cables between Emden and the Azores were cut originally in the English Channel immediately following the declaration of war between Germany and England on August 4, 1914. In March, 1917, they were cut at points 648 and 610 miles, respectively, from New York, and one of them was diverted by the British Government into Halifax, Nova Scotia, and since July 1, 1917, has been used by the British Government as part of its Imperial telegraph and cable system.

The French Government did not remove the other German cable from our shores, but in August, 1917, the French Cable Company communicated to us a request from the French Government to turn this cable over to the French Cable Company in New York. We naturally questioned the purpose of this request and it was not pursued. We did, however, lodge a protest against this proposed seizure with the Department of State on August 9, 1917. In November, 1917, the French cableship *Jeramec* arrived at New York, and cut both of the German cables approximately five miles from their landing place at Far Rockaway, New York, and diverted one end into the French company's landing place at Coney Island.

What became of the other end, namely, the end which was part of the 648 miles of cable cut out of circuit by the diversion of the cable by the British into Halifax, we do not know. In the meantime the French Cable Company applied for, and received, a permit from the United States Government, to land a cable in the United States, ostensibly for the purpose of connecting with the German cable seized by the French Government. It was only necessary for the French company to lay a short length of cable from the French Cable Company's landing place at Coney Island to the point where their cableship cut the German cable off Far Rockaway and establish connection. This German cable seized by the French Government was taken from our terminal station at Far Rockaway, New York, to the French Cable Company's terminal station at Coney Island, New York, before that company had the necessary equipment to operate it, and it remained idle for over twelve months during the War. In fact it was not put into operation by the French Cable Company until March, 1919 (four months after the War), and even now it is not able to operate it with the same efficiency with which it was operated by The Commercial Cable Company prior to the War. I believe the most equitable settlement of this question would be the restoration of the status before the War, and I feel that our Allies should be given to understand that in all justice and equity these cables must be restored.

A like situation confronts us in the Pacific, where Japan seized the 2,340 miles of cable between Guam, Yap, and Shanghai. The Deutsch-Niederlandische Telegraphengesellschaft, a company formed in Germany; but largely supported by Dutch capital and subsidized by the German and Dutch Governments, owned cables running from Guam to

Yap, there diverging, one line going south to the Dutch Indies, and the other going north to Shanghai. We operated the

Guam end of that cable under a contract with the German-Dutch company. All messages for the Dutch Indies were sent via Yap under normal conditions, and during interruptions of our cable between Guam and Manila, which cut off all communication with the Philippines and China by our route, we diverted traffic via Yap to Shanghai over this German-Dutch system.

Hence, these cables were very important in maintaining uninterrupted communication with China and the Philippines, and the seizure of Yap by the Japanese, and the diversion of the cable into one of the Japanese islands, deprives us of this alternative route. There was only one other alternative route to China, and that was via Japan. If Japan continues to retain the Yap-Shanghai cable, it will mean that all traffic destined to China and the Philippines during interruptions of our Guam-Manila cable will have to transit Japan, and the volume of traffic to the Philippines would not justify the laying of such a cable which would be practically idle most of the time.

## The Japanese Seizure

THE same arguments as to the interference with American cable communications apply here as to the seizure of the German Atlantic cables. No part of these cables in the Pacific touched Japanese soil, but one end touched American territory (Guam), and yet the Japanese have seized this German Pacific cable system, to the detriment of American trade with China and the Philippines and advantage to their own. The United States, in consideration of its cooperation in the War, should not be deprived of an important alternative means of communication with China and its Far Eastern possessions, the Philippines, which it enjoyed before the War.

I am constantly being told how important it is that this country should have means of communication with all parts of the world free from foreign domination. Interested as I am in our foreign commerce I should welcome any concrete proposition to free American cable communication from foreign control, but after all, a cable is a two-ended affair, and the other end must land on some other country's doorstep.

In Great Britain we are allowed freely to open offices; the British Government leases us wires at reasonable rentals to enable us to connect up our offices in various cities with our terminal stations. Messages passing over our lines to places where we have our own offices are absolutely under our sole control from origin to destination, and were



STRAIGHT LINE METHODS

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STRAIGHT LINE METHODS



never scrutinized by any department of the British Government until the War. Since censorship ceased the British Government have required us to turn over all messages ten days after they have been sent or received. This is a right which they claim under the landing licenses they issue to all cable companies. What their purpose is I am unable to say, but I would point out that in every other foreign country, because of their control of the inland telegraphs, all messages from America or elsewhere have *always* of necessity been turned over to the Government telegraph administrations for further transmission and in this way those countries have always been able to control the transmission of the messages.

I would welcome any plan of treaty or otherwise which would make inviolate the cable messages passing from one country to another in peace times. That it is desirable for America to have as many independent lines of communication as possible, I freely admit, but here again we are face to face with a very practical problem. The geographic situation of the United States, combined with the electrical limitations in the transmitting capacity of long submarine cables, makes it impossible to lay cables direct to any part of Europe without touching at some intermediate point for relay purposes.

There is one direct cable now, namely, the French company's cable from Cape Cod, Mass., to Brest, France (3,173 miles), but it has never been able to compete in point of speed or capacity with the cables via Canada or Newfoundland. There are only three intermediate places in the Atlantic where relay stations can be established, namely, Nova Scotia, Newfoundland, and the Azores. Both Nova Scotia and Newfoundland are

under British control. The Azores is Portuguese. From the Azores cables could be laid to Italy, to Portugal, Spain, France, Belgium, Holland, Germany, and probably Denmark.

As a matter of improved service I readily admit the desirability of establishing the most direct cable service, but as a matter of freedom from control I cannot admit that there would be any greater advantage in traversing Portuguese territory or any other foreign territory than British territory, and I say this without any disparagement to any nation.

Linked with all these problems which American business must face in its efforts to control its own communications with the outer world is that of adherence to the International Telegraph Convention, which is agreed to by practically all of the foreign powers which have their own government telegraph systems. We have always complied with practically all of the regulations of the convention and our principal reason for not wishing formally to adhere to it is that it might force us to comply with regulations which are burdensome. We would point out that we are now facing the competition of two government cable systems across the Atlantic, namely, the British Government and French Government. We do not wish to be mistaken as opposing the International Convention in so far as its regulations are designed to maintain a uniform method of dealing with international traffic, but to compel us to be strictly bound by rules and regulations which are created more in the interests of the European government-owned telegraph systems, will not only destroy the enterprise of competitive service but reduce the private companies to the conditions of government ownership.

We have had considerable experience in

dealing with the European Governments, and we believe that their anxiety to have us become adherents to the International Convention is not so much to comply with one or two rules which we now object to, but to enable them to compel us to comply with such regulations as they may see fit to impose from time to time to favor their own interests, whether or not those regulations affect the interests of the American cable companies. We are not invited to accept the convention and become equal partners. We are invited to agree to submit ourselves to the rules and regulations attached to the convention.

The United States is not in the position of any of the signatory powers who compose the authoritative body of the Telegraph Union. It does not control the telegraph systems of this country, except in so far as they are subject to the law courts and Commerce Commissions. It could only join the Telegraph Union as an equal partner if it were in a position to exercise equal powers over its telegraph systems as foreign powers owning and operating telegraph lines can exercise over theirs. To give it such powers would be to make the American cable and telegraph systems synonymous with government ownership. We do not believe that this is what is desired by the American public and feel certain that it would be a handicap to private companies built up under the present system of unrestricted competition and take away all incentive to fresh private enterprise. The telegraphs of Europe have been under the domination of the International Telegraph Convention since 1858, and we believe it will be agreed that no one in America with experience of Europe has found anything there in the telegraph service to make him desire similar institutions over here.

## A Duty with Dividends

America has the materials and equipment needed for world reconstruction; Congress has paved the way for the mobilization of credits and the cooperation of our exporters

By SENATOR WALTER E. EDGE

WHETHER the United States is to mobilize its financial and industrial resources for the upbuilding and stabilizing of a war-stricken world, just as it mobilized its men and munitions for the preservation of civilization, now is becoming a crucial question, and one which soon must be answered. It is a question of tremendous importance to all devastated countries; it is of even greater importance to the United States, itself. In some way or other—in some time, near or far, these devastated countries will rebuild themselves physically, industrially, and financially; the question is whether the United States shall incur the danger of industrial and financial devastation in time of peace through inertness, lassitude, and downright neglect of duty in failing to rise fully to its great opportunity.

Through the foresight of its business men, financiers, and statesmen, the United States is far better prepared for the great work of world construction than it was for the war of destruction. It has industrial plants, developed through war necessity to unparalleled potentiality; it has raw materials of all kinds in abundance; it has legions of workmen, eager to work; it has a merchant marine ready to carry cargoes to all parts of the world; and it has the finest financial system, now expanded to international proportions.

Full exercise of the initiative, the ingenuity, and the enterprise of America's financiers is the only thing needed to start the ball rolling and to open an era of prosperity unequalled in the history of the United States or any other nation.

The great postwar problem which confronted Uncle Sam was how to sell his goods to impoverished buyers and coincidentally obtain the ready cash needed to pay for raw materials, to meet payrolls, and to run domestic business generally, especially at a profit. At first glance, this appeared a puzzling proposition, but soon it was solved through international application of an expedient common in business circles, by which a man with mighty little capital can acquire a going enterprise and pay for it. He simply hypothecates the collateral of the concern and applies the proceeds to the payment of his purchase.

So, on this principle the Congress adopted an Export Finance Amendment to the Federal Reserve Law, providing for the acceptance of foreign credits and their transmutation into real, and preferably American, money. I say "preferably" American, because substantial profit will be gathered in such transactions and I want to see the American investing public reap that profit, instead of outlanders.

The process itself is as simple as the principle. Under this amendment, corporations may be organized to finance American exports, their operations to be subject to supervision by the Federal Reserve Board, but without Government participation or control. Besides doing a general international banking business, such corporations may "purchase, sell, discount, and negotiate, with or without their endorsement or guaranty, notes, drafts, checks, bills of exchange, acceptances, cable transfers, and other evidences of indebtedness," and in such "other evidences of indebtedness" is the marrow of the structure.

Under this provision, an export finance corporation may accept any kind of collateral, even to a mortgage on a foreign concern's plant, in payment for American export goods—provided only that such collateral be acceptable in the eyes of the Federal Reserve Board. The corporation then may sell such securities direct to investors, or against them may issue its own debentures for sale to the investing public, and the money received from such sales is paid to the American producer or vendor. To take a concrete example: A shoe manufacturing concern abroad may wish to resume, or to develop, its business, but has not the money for the purchase of leather and other requisites; it arranges its purchases and of-





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Radiantly-white **Sani-Onyx** table tops do not require table cloths. Their surface is as hard and smooth as polished glass and can be easily cleaned by simply wiping with a damp cloth. **Sani-Metal** table bases are made of fine-grained cast iron, heavily coated with porcelain enamel. Note the "swing seat" feature which eliminates the stacking of chairs. This type of base does not absorb grease and dirt and will last a lifetime in any climate.

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The tops are very satisfactory, and the swing seat feature is good, as only a limited amount of space is used while the seats are occupied. This feature also eliminates the scuffing of chairs when stacking the plates. Yours very truly,  
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Jan. 4, 1921.

### Some Recent Installations

Standard Oil Company, Richmond, California  
Bucyrus Company, South Milwaukee, Wisconsin  
Menasha Woodenware Company, Menasha, Wisc.  
A. B. Dick Co., Chicago, Ill.  
Nagatuck Malleable Irons Wks., Union City, Conn.  
Berkshire Knitting Mills, Reading, Pa.  
W. Duke Sons & Co., Branch Liggett & Meyers  
Tobacco Co., Durham, N. C.  
Durham Hosiery Mills, Durham, N. C.  
International Motor Co., Mack Plant, Allentown, Pa.  
Indiana Bell Telephone Co., Indianapolis, Indiana  
International Correspondence School, Scranton, Pa.



fers an American export finance corporation a mortgage on its plant; this is approved by the Federal Reserve Board and is accepted by the corporation, which thereupon sells the collateral direct to investors, or holds it as security for debentures to be sold in the financial markets, paying the money to the American exporters.

Thus, there is profit to all concerned, and through a thousand and one ramifications. The American producer of raw materials gets his pay and profit; the manufacturer gets his profit; the exporters get their profit; the financing corporation gets its profit; and the investor earns his interest from securities pronounced safe and sound by probably the highest financial authority in the whole world. Moreover, there is inestimable indirect profit to innumerable groups of Americans. Foreign demand will keep all American industries at work and thus will provide profitable employment for labor; shipments from all points to seaboard ports will give profit to the railroads and their employees; the American merchant marine, now conducted at a loss of a million dollars each day in the year, possibly may be turned into a profitable investment by carrying outbound and inbound cargoes—the ramifications are endless.

Above all, this ability and its exertion to finance export trade will open to America markets in every corner of the world and will bring outside money to this country. The people of the United States cannot do business at a profit by trading only among themselves, any more than they can consume the full production of their fields, factories, and mines, especially at their highest potentiality. They must go after the other fellow's money,

be it the pound, or the lira, or the franc. But dollars are mighty scarce with the other fellow, so Uncle Sam must accept his credit and help him along—always, mind you, with profit to himself—and when this credit is redeemed in cash Uncle Sam will be in a position to reap further rich profits, also.

The evils of government intrusion into private business fields, of government management of business essentially private in its nature, of government control and oppression and rivalry have been emphatically demonstrated in the last eight years. Reasonable and legitimate government cooperation with private business will be welcomed by private business and the people, and it is just such cooperation and encouragement that is provided in the Export Finance amendment. The people will not consent to lend any more money to outsiders through the American Government, which involves tremendous burdens to the American people; they will gladly lend such money out of their own pockets at a profit, on collateral as safe as human judgment can assure.

Indeed, the Government, I understand, can further help by investing in the debentures of export finance corporations, through the War Finance Corporation. This government agency, it is explained, could not subscribe to the stock of export finance corporations, but well might invest in their securities and so help the good work along.

Untold millions of dollars are needed right now for the financing of the American export business. There is room for a score of such export finance corporations, regardless of the magnitude of their capital. One such is in process of formation, the Foreign Trade Financing Corporation, with \$100,-

000,000 capital, thus enabling it to do a business of one billion dollars; another recently has been organized in the South, with \$10,000,000 capital, or \$100,000,000 potential business, and there are one or two others; also, several great banks are doing somewhat the same business.

Under the Webb law, for instance, American business concerns may form combinations for export business, without violation of the Clayton Anti-Trust Law, and such enterprise and activity well may be stimulated by export finance corporations which would handle that end of their operations. Indeed, such combinations well might form export finance corporations of their own, and so not only handle their own business themselves but also reap the additional profit to be made through the export finance business.

Through the floating of war and victory loans, the field of American investors has been tremendously broadened. Men, women, and children bought Liberty and Victory bonds who never before had dreamed of buying a security of any kind, and the seed of investment has been planted in their minds. Of course, like seeds of all kinds it requires cultivation, but their minds are in receptive mood to learn the lesson of safe and profitable investment, and a debenture, especially when approved by the Federal Reserve Board and carrying an attractive rate of interest, may be made to appeal to them as a money making investment, rather than merely an engraved piece of paper which in some mysterious way only makes the rich man richer and is out of the reach of the man or woman of moderate or even modest means.

# Principles and Practice in One

National School for Commercial Secretaries, backed by the National Chamber, will teach economic theory as well as office methods at Northwestern University

**T**RAINING in the practical, day-to-day problems which confront the secretary and staff of a commercial organization, as well as education in the fundamental principles underlying those problems, will be provided at a National School for Commercial Secretaries, under the auspices of the Chamber of Commerce of the United States, the National Association of Commercial Organization Secretaries, and Northwestern University.

The proposal originated with the Secretaries' Association, and received the warm support of the National Chamber and the University.

The school term this summer will be two weeks, July 18-30, but it is planned that those pupils who wish to carry on the work through the year may be enabled to do so by means of correspondence courses. This part of the schedule has not been completed as this is written. The board of directors of the Chamber of Commerce of the United States voted to underwrite the project at its meeting in Chicago March 22-24, and the National Association of Commercial Organization Secretaries voted support at the same time. Since then work has been going ahead at full speed.

Secretaries of commercial organizations throughout the country will be enabled at the school to learn at first hand the practical methods employed by the most successful

men in their line, and will also hear eminent experts lecture on the underlying principles of business and economics with which they need to be familiar in carrying on their work.

The mornings from eight o'clock to twelve will be devoted to lectures and study hours. The afternoons, from two until four o'clock will be given to conferences between the students and the lecturers, which will resolve themselves into round-table talks at which questions will be asked and answered. The curriculum will cover a wide range of subjects, from which the students may elect those they wish to pursue. It will be required, however, that each pupil take at least three of the fundamental subjects.

It is being arranged to give from three to five inspirational talks during the evenings of the two-week course. These will be on matters of general interest and will be open to the public.

The course will be given at Northwestern University, Evanston, Illinois, just north of Chicago. The campus is on the shore of Lake Michigan, and is famous for its summer recreational facilities. Arrangements are being made for the pupils of the school to enjoy bathing, boating, and other out-door sports. Groups of secretaries may obtain quarters in a single building, so that those from one State, for instance, may come into frequent contact. Provision will be made

for those secretaries whose wives and families accompany them, in order that they may be made thoroughly comfortable during the course. The cost of room and board probably will not exceed \$2.50 a day for an individual.

The tuition fee to be charged is only \$30 and this will not suffice to pay more than 50 per cent of the expense, it is estimated. It was for this reason that the National Chamber and the Secretaries' Association pledged themselves to underwrite this school, on account of the pressing need for such a course and of their confidence in its usefulness.

The fundamental courses, as planned at present, include Government, Transportation and Traffic, Marketing and Distribution, Economics, Reports, Business and Government, Effective Speaking, Psychology, Business Organization, and the Economic Basis of American History. In addition to these subjects, which will be given by some of the most eminent teachers in the country, there will be lectures by leading secretaries on technical subjects directly related to the administration of a chamber of commerce. These will include:

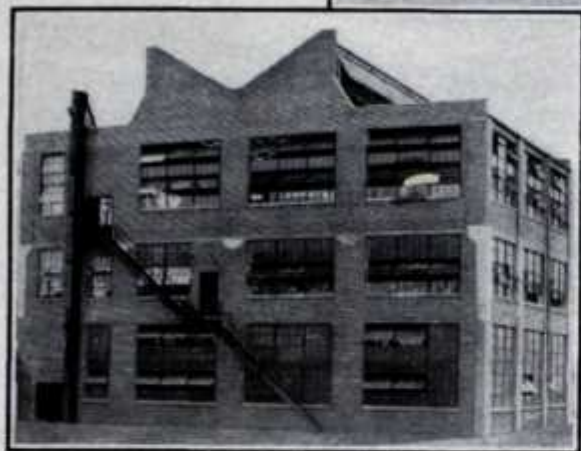
Organization: dealing with the structure of a local chamber, its general plan, constitution and by-laws, relation and functions of membership, board of directors, officers and committees.

Meetings: the board of directors, forums, committees and conferences.





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## Working to a Plan

*The way to get full value out of every dollar spent for building.*

IF YOUR business is a successful one, it is bound to grow. The intelligent thing then is to care for this growth intelligently.

The best way to do this is to have a general scheme of plant development that you can work toward from year to year; then every necessary addition to existing buildings will lead toward the production of a unified whole, instead of being the usual warts and dog-houses which run up costs in so many plants.

To have a well-defined plan, laid out by competent engineers, and follow it, enables you at all times to care for increased business without interrupting production. There is no necessity for tearing out departments and re-locating equipment every time a new building is added.

### A Practical Example

The Chain Belt Company, of Milwaukee, saw the wisdom of this course, and had us prepare a complete new plan for them. Some of the buildings we designed in this plan are now in operation, while others will be fitted into their places as increasing demands of business require.

Whether you want a complete plant, a single building, or just an addition, to get the one that will best suit your purpose requires an engineering survey of conditions. This is the business in which we specialize, and if we had not given satisfaction in it, we would not refer you to any or all of our clients as we now do.

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Finance; the budget, purchases, accounts, forms, reports and comparative statistics.

Publicity; official organs, bulletins, relations with the press, what is news and what not to print.

Office organization; correspondence, files and minutes.

The Secretary; his relation to the various chamber forms of service, what is expected of him and what he should expect of himself.

Program of work; how to study community needs, development of commercial, industrial, and civic activities. Under this head there will be discussion in considerable detail of methods of carrying through such important activities as trade promotion, conventions, industrial promotion, industrial relations, relations with public agencies and with private social and civic agencies, city building, and extension. The importance of research work in connection with such activities and research methods will be dwelt upon.

It is expected that not only organization secretaries whose field has been limited, and

young men without organization experience who are ambitious to enter the field, but successful secretaries who feel that their usefulness can be broadened, will be among the pupils at the school. The plans here presented are in some respects preliminary. The details are being completed as rapidly as possible. Application for admission should be made to Dean Heilman, Northwestern University, Evanston, Illinois.

The work is being conducted by the following board of managers: Chamber of Commerce of the United States, Elliot H. Goodwin, and John Ihlder; National Association of Commercial Organization Secretaries, R. B. Beach, and R. H. Faxon; Northwestern University, President Scott, and Dean Heilman.

Commerce Group Session the afternoon of April 27, at which "Better Foreign Trade Methods Through Organized Effort" will be discussed by men of national importance.

Wages, overhead, and production costs are among the questions to be considered at a group meeting representing fabricated production.

In outlining the program for the group meeting, E. W. McCullough, manager of the Fabricated Production Department of the Chamber, says:

"The Department group meeting will take up such questions as these: What are we producing? What is the volume of consumption, and when is there overproduction or underproduction? Business men are in great need of such information. Large volumes of figures are quoted, but few represent facts, being largely estimates or the result of inference and deduction. There is perhaps no greater need today in the field of business than facts concerning raw materials and finished products. The several ways whereby this information may be secured and supplied will be discussed."

Education will have a prominent place on the program. This subject will be taken up at a special group session under the direction of the Civic Development Department of the Chamber.

"Both the city and the country schools will be thoroughly discussed," says John Ihlder, manager of the department, "in order that business men may realize more clearly the present unsatisfactory situation and their own responsibility."

Methods of bringing about more economical distribution of merchandise will be discussed at another group meeting.

"Of all distribution problems," said Alvin E. Dodd, manager of the Chamber's Domestic Distribution Department, "the one that has an immediate interest to every distributor is the probable trend of prices."

International finance is another important subject which will be discussed.

"With the United States now a creditor nation," says a statement of the Chamber's Department of Finance, "with the Treasury's revenue requirements in excess of five times those of 1914, and with the Government facing a debt of almost eight billion dollars due to be retired or refunded in the next three years, discussion of the Government's fiscal policy, with detailed consideration of taxation and tariff, will properly have important places upon the program of the Finance Group Sessions."

A review of Canada's experience with the sales tax, presenting the viewpoints of the Government, manufacturer, wholesaler, retailer, and consumer, will be followed by a discussion in which advocates and opponents of the sales tax in the United States will participate.

Some States have taken over the function of writing certain kinds of insurance, and the insurance group will devote part of its time to a discussion of private initiative versus State monopoly. M. B. Trezevant, manager of the Insurance Department of the National Chamber, has also announced that the group will discuss insurance as a credit factor.

Owing to the enormously war-expanded American Merchant Marine the demand for adequate marine insurance, preferably in American companies, has become imperative, if the Government is to get out of the insurance business. In this the Federal and State Governments have a further responsibility, and there will be discussions of this phase of the subject.

## To Plan a Business Program

The industrial leaders of the United States, foregather in Atlantic City to discuss tariff, taxes and other pressing issues

**H**ERBERT HOOVER, Secretary of the Department of Commerce, will be the chief Administration speaker at the ninth annual meeting in Atlantic City of the Chamber of Commerce of the United States. The main theme will be, "In the Public Interest: More Business Methods in Government, Less Government Management of Business."

The convention is to be held in Atlantic City April 26 to 29. One of the important plans is for a general discussion by the delegates of tariff and taxation, which are the most important public issues now before the country and its business men. In the general sessions and in the eight representative groups these questions will be discussed from every standpoint. The eight departments of the National Chamber are:

Natural Resources Production, Fabricated Production, Finance, Foreign Commerce, Domestic Distribution, Transportation and Communication, Civic Development and Insurance.

At the close of the various discussions a vote will be taken in each group on the following tariff propositions:

Should the tariff be framed with due regard to export trade as well as to the protection of manufacturing in the United States?

Should the fact that we are now a creditor nation alter our tariff policy with respect to protection?

Should the United States tariff offer trading or bargaining possibilities for international commercial treaties to encourage our export trade?

Should the United States tariff be liberal in its provisions in view of our desire for liberality of tariff on the part of other countries?

In regard to taxation the following questions will be put to vote:

Should there be an increase in the income tax?

Should there be a sales tax?

Should there be a resort to loans?

The purpose of these meetings is primarily educational, to procure a frank and open discussion of the questions. The vote taken will in no way commit the Chamber of Commerce of the United States, but will be considered as advice to the Board of Directors in any action it may take with respect to submitting the questions involved to a referendum vote.

At the general sessions the discussions of these outstanding topics will be in their broader aspects. At the group sessions they will be viewed from the special angle of that

branch of industry affected. Among the notable speakers who are to be heard, and whose acceptances have been received as this number goes to press, are:

Julius H. Barnes, president of the Barnes-Ames Company of Duluth, who will discuss a constructive program for better marketing methods.

L. F. Loree, president of the Delaware and Hudson Company, who will present the industrial view of the relation of wages to production and sales.

William C. Redfield, president of the American Manufacturers' Export Association, who will preside over the foreign commerce group, and will direct the discussions there.

John McHugh, chairman of the Committee on Organization of the Foreign Trade Financing Corporation, who will discuss methods of financing international commerce.

Hon. James W. Good, chairman of the Appropriations Committee of the House of Representatives, who will talk on "The Government's Fiscal Policy."

A. C. Bedford, vice-president of the International Chamber of Commerce, who will discuss the functions and future of that organization.

Harry A. Wheeler, vice president of the Union Trust Company of Chicago, who will be one of the general speakers on the tariff.

Jules S. Bache, president of J. S. Bache and Company, who will be one of the general speakers on taxation.

The convention will include a session of the National Council of the Chamber of Commerce of the United States on April 26.

An entire group meeting has been set aside for a discussion of maritime subjects. Representative shipping men from the Atlantic and Pacific Coasts and the Gulf will discuss the problems now pressing for solution in the shipping world.

Plans for reducing the cost and increasing the efficiency of railroad transportation in the United States will be discussed at the railroad group meeting to be held on the first day. Speakers will include a prominent railroad executive, a large shipper, a leading banker and an eminent engineer.

World trade problems will be discussed by the American Section of the International Chamber of Commerce at a group meeting, the purpose of which is to bring out the American viewpoint on economic problems in the fields of finance, production, distribution, ocean and land transportation, communications, and the restoration of devastated areas. These are the general subjects to be taken up at the first annual meeting of the International Chamber to be held at London during the latter part of June.

Mr. Redfield will preside over a Foreign



AN excellent illustration of how the H & D Service Department worked out an intricate problem of packing a certain manufacturer's product. This style container has proved not only the most economical and practical for this unit but because of its convenience and uniqueness it has been a factor in actual sales.



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### THE HINDE & DAUCH PAPER COMPANY

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# Business Goes Ahead Slowly, the Automobile Industry Being One of the First To Experience a Revival

By ARCHER WALL DOUGLAS

**T**HERE is a Latin proverb, "*Festina Lente*," hasten slowly, which tells the story of business today. For that is what we are doing, both wisely and well. Whether the present moderate increase in business actually done is a mere spurt, due to natural seasonal activity, or the real beginning of substantially better times, need not concern us greatly at present, seeing that under most any circumstances the commercial world will not venture out very far into the future until the coming harvest sets the pace for the remainder of the year.

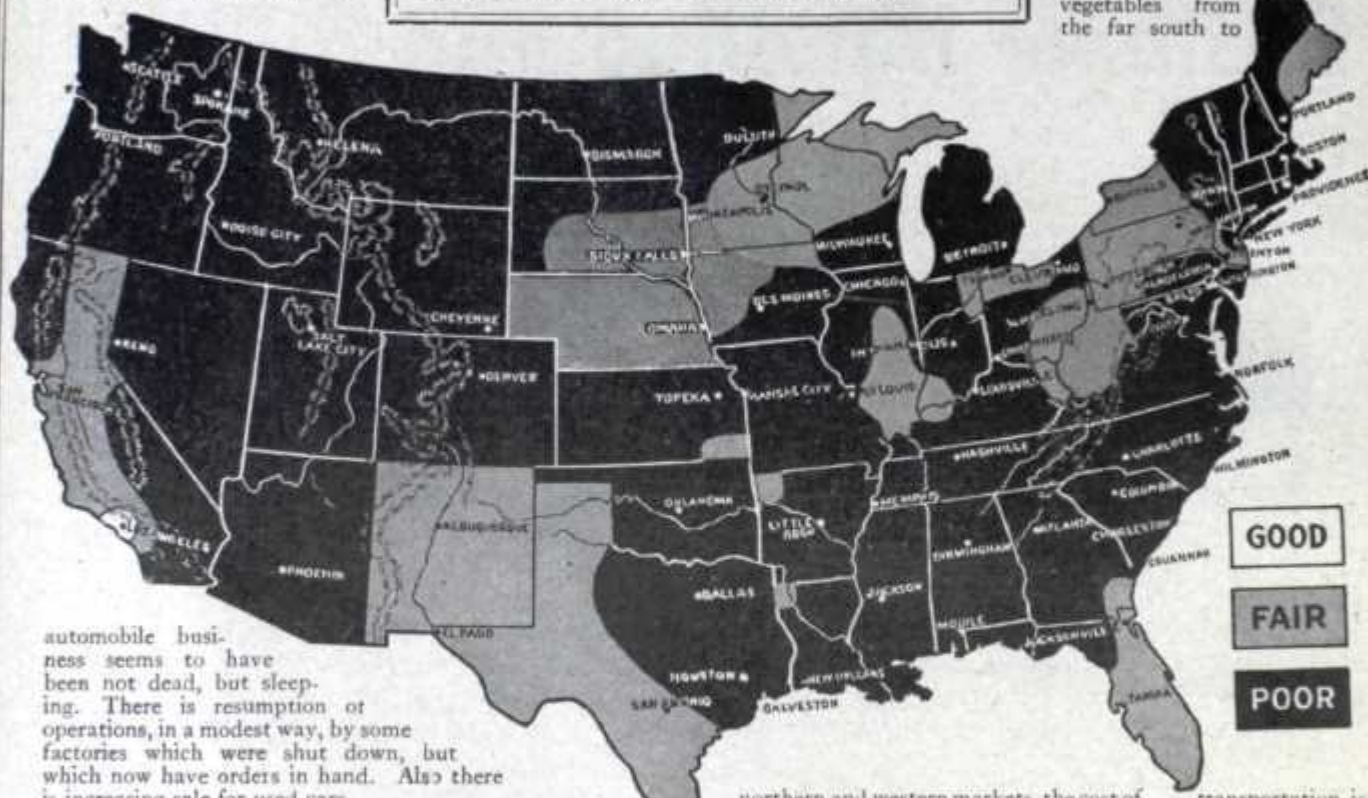
The most significant, and possibly most cheering, feature of the situation is that the

"where he is at." The large number of school houses and new buildings for colleges in course of erection are one of the significant features of the situation. The great State universities of the West are overrun with students, and in many cases received from the State legislatures the largest appropriations in their history.

## Business Conditions, April 11, 1921

**C**HANGES in the map this month record some changes for the better. All of New Mexico and western Texas become "Fair." Also the "Fair" spot around St. Paul and Minneapolis spreads further over Minnesota, Wisconsin, Iowa, Nebraska and South Dakota. At San Francisco another "Fair" spot appears. The improvement is caused by farmers shipping their produce to market and the overcoming of shock caused by the sudden depression.

Excessively high railroad rates are one of the serious handicaps of the situation, while they likewise fail in their original purpose of providing adequate revenue. For they are prohibitory in their effects. In some cases, especially those of early fruits and vegetables from the far south to



automobile business seems to have been not dead, but sleeping. There is resumption of operations, in a modest way, by some factories which were shut down, but which now have orders in hand. Also there is increasing sale for used cars.

There is a better demand for lumber and prepared roofing and paint because of somewhat more building and construction. Mining in general is very quiet with many mines shut down. Manufacturing is running mostly on short time. The percentage of how busy or quiet it is, depends upon the nature of the business. In the shoe trade, the demand for women's shoes is much better proportionately than for men's footwear, which is apparently a paradox when it is considered that men's shoes are very much of a necessity, while obviously women's shoes are very much in evidence nowadays distinctly as an ornament.

The best general index of the situation, the volume of distribution by jobbers and retailers, showed a distinct gain in March over February, 1921, though not comparable to that of March, 1920, as is not yet to be expected.

The general spirit of moderate optimism for the future is encouraged thereby, without at the same time losing its consciousness that much lies ahead of us ere readjustment be complete.

There is more building going on in the cities than in the country, and there will not be much construction of any description on the farms until another harvest has shown the farmer

northern and western markets, the cost of transportation is from four to five times the price received by the producer. So that either the producer gets little or nothing for his commodities or the consumer pays unduly high prices. It ought to be obvious by this time that reduction in railroad operating expenses is a widespread national concern, and not merely a matter of class interest.

Winter wheat is in unusually fine condition, despite reports of great numbers of predatory insects, Hessian flies and green bugs in the Southwest whose principal effect is to cause speculators in the grain pits to take constant counsel with their hopes and fears. It suffered but little hurt, save in spots, from the severe cold spell in the latter part of March.

This same cold wave, however, wrought widespread damage to early fruit and vegetables in an extensive area from eastern New Mexico and southern Nebraska southward and eastward. The South Atlantic States and the southern halves of the Gulf States seem to have escaped with comparatively little harm. There were also local exceptions to the general damage even in localities that suffered the most.

There will be much less cotton acreage planted this year than last, though this varies greatly in different localities. The crop





#### Where the facts came from

A new building of the great Lath Works of Lodge & Shipley, Cincinnati. It is actually heated for "nothing a year" by a forced hot water system. Chase-Wright Co., consulting engineers. The problems and solution were no less dramatic than those of the incident related below.



Dramatized Facts out of  
The Day's Work  
NO. 1

PLANT ENGINEER

PRESIDENT

CONSULTING ENGINEER

PRODUCTION MANAGER

## "Proposing to heat a building for Nothing a year takes *Courage*"

They wound up the conference in the boiler room. The man called in by the Consulting Engineer had left them to begin his study of the plant.

They had put up to him this problem: How could he heat the new plant, 48,000 square feet floor area, with three old boilers already taxed to the last horse power?

"It can't be done," said the Plant Engineer.

"It's got to be done," replied the President. "In these times we can't wait for new boilers nor get a new power house built."

(One week later)

The Production Manager: "But the new plant is twice the size of the one those boilers are now heating. Does this 'wonder worker' claim that both plants can be kept warm without any new boilers?"

"Precisely that! This new system will heat the old plant with only one boiler."

"With a third of the coal!" exclaimed the President. "Why that means heating the new plant for nothing!"

"Impossible!" came back the Production Manager.

"No, I don't think so," said the Consulting Engineer.

"Exact engineering often accomplishes seemingly impossible economies. A heating specialist should figure all heat losses accurately and calculate all frictional resistance so that he knows precisely what his radiating surfaces will do in zero weather."

"But that's only theory," said the President, "I haven't the courage to back such an idea with my pocketbook."

Consulting Engineer: "You don't have to. That man is a Grinnell Company engineer. His company backs his convictions with its own pocketbook. They will guarantee temperatures in both the old and new buildings from those boilers. Not only for the first year but so long as conditions remain the same in the two buildings."

President: "Call the Grinnell man in. I'd like to meet him and tell him to go to it! I also want to compliment his company on having the courage of its convictions!"

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*It reduces the building cost.* Capital used in building is not tied up half as long in an Austin operation as in one where systematic and standard methods are not the practice and sub-contracts are the rule.

*It increases the building investment.* Your

banker knows that an Austin Standard Building is a better investment because of its adaptability and permanence. He also knows it is built with economy and represents true value.

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PITTSBURGH - 493 Union Arcade  
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PHILADELPHIA - 1026 Bulletin Building  
Spruce 1291  
NEW YORK - 217 Broadway  
Barclay 8886

SAN FRANCISCO - 817 Pacific Building  
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will receive less fertilizer than last season, but much greater intensive cultivation. Those unfamiliar with the situation express wonder that the South should plant cotton to any extent with an enormous carry-over in sight, and no great increase in demand in prospect in the near future. Every section must have a cash crop to provide ready money for the farmers, and cotton is the logical one in the South. There is a limit set by soil and climate in many Southern States as to the production of wheat and small grains.

To grow more corn and feedstuffs means to produce more livestock to consume them, and while this process is now going on, it takes time to bring it about. Besides, there would be no market for the great amount of foodstuff which the South could produce should she turn the greater part of her cotton acreage to this purpose. Nor have the Southern States the storage facilities for grains and foodstuffs that any large increase in their output would necessitate. Cotton can be stored in any old shed, but the South is as yet shy of her full complement of barns and elevators to protect grain from the weather and predatory insects, and from thieves that break through and steal.

### No Half-Way Measures

THE farmer is economizing as he has not done for some time, and after his own fashion. Which means that he is going the whole hog. This is particularly true of the South where it is no new experience to "go broke" because of low-priced cotton. Equally is it no new experience not to "stay broke" for any great length of time.

It is not unusual now in some sections of the West to see horses and wagons coming to town, while the familiar flivver is left on the farm to save gasoline and repairs.

At the same time the farmer, especially in the grain regions, is buying somewhat more freely, and this in turn is reflected in the larger number of orders from the retailers, indicating that their stocks need replenishing. There is no evidence, however, of buying for other than immediate wants. It is a healthy sign, for the genuine beginning of better times is likely to come from agricultural rather than industrial life.

Meanwhile the farmer is marketing wheat and other products as his needs require.

It is apparent that we have not reached bottom in prices in all commodities though we are well along the road in most lines. Some staples in iron and steel still hang fire. Contrariwise, figures in most other metals seem to have struck bottom.

Prices of agricultural products reflect the lessened demand from abroad, not only in cotton and packing house products, but in the various forms of canned milk. In milk, generally, demand is overtaking supply. Prices of meat are also adversely affected by decrease in domestic demand due to the prevailing business depression. It seems to take a long time, however, for the consumer to have any personal knowledge of such lower figures.

Low prices of livestock are having the natural result of a marked decrease in their numbers. Prices of farm lands are falling because of the low figures prevailing in the products of land. This is rather a good result for everybody except the owners of the land. High-priced land, in the country especially, is always productive of serious economic evils: tenantry, absentee landlordism, and often decrease of country population. A recrudescence, in fact, of Goldsmith's "Deserted Village," "Where wealth accumulates, but men decay."

Speculation in high-priced farm lands in the

West is over and many of the speculators got badly "stung."

Kipling's verse that "East is East, and West is West," has a limited application even in our united country. For the East cannot understand why the West is so apparently unconcerned about the various projects for financing business with Europe that she may be placed in position to buy more largely of our products. Consequently the West is apt to find itself accused of a provincialism that takes no thought of world-wide matters of vital import.

### Says West to East—

WHEREAT the West would probably make answer that the East is equally provincial in matters of equal national import west of the Alleghenies. So, in the sporting language of the South the controversy would probably end in a "dogfall." In sober truth, the West is mightily concerned, and with good reason, in its own affairs which absorb its time and thought. For it has always found that definite expression of local pride is "the only way" to progress and accomplishment. Moreover, Europe and her troubles are afar off from the Great Plains and the towering Rockies. Yet, withal, it is still true that everywhere throughout the country, without regard to section, there is a steadily growing realization that we can have no permanent and enduring prosperity until Europe is on her feet again. But it takes time and some very unpleasant facts and experiences to make a thought so new permeate our national consciousness.

The very definite form which this local pride often assumes is shown in Green County, Wisconsin, where productive endeavor runs largely to intensive dairying with an investment of \$50,000,000 and an annual output of \$8,000,000. There are 40,000 dairy cows in the country, and 143 cheese factories. Also 3,500 automobiles and all manner of macadam roads and concrete highways. It is the innumerable number of these "little drops of water, little grains of sand," which make up the incredible wealth of this great country of ours.

### A Revival of Horses

THE "passing of the horse," because of automobiles, farm tractors, and motor trucks, is a favorite theme with the Sunday edition and the transient magazine. This, however, does not stack up so far with the facts of experience. While tractors and motor trucks do much work formerly done by horses, they seem to supplement his usefulness rather than entirely supplant it. At present, tractors are most effective and economical on large farms, and for plowing and breaking ground, but are not so well fitted for some forms of cultivation.

Their use grows faster in the grain than in the cotton regions. Motor trucks have greatly enlarged the market facilities of the farmer and are great time savers. Besides, they are doing much to solve for him the vital problem of distribution. Yet in the Corn Belt, more than one-half of the farmers owning motor trucks use horses for hauling on the farms, as for many purposes they find old Equus to be the handiest and most economical method. His ancestors, the cohippus and the mesohippus, date back to the good old days of the Eocene and Pliocene periods and he will probably be with us for a long time to come. There are now nearly as many horses in the country as there ever were and any serious decrease in their numbers would cripple a great manufacturing business—saddlery and harness—as well as destroy the market for a vast amount of feed now raised on farms.

## Seeing is Believing



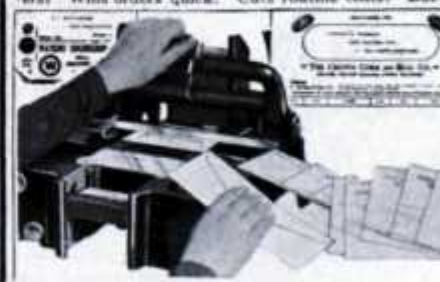
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# Uncle Sam and Your Pocketbook

The share of each of us—man, woman and child—in the Government tax bill was \$53.50 last year; here is how we paid it and how the money was spent

By J. W. BISHOP

THE WAR gave us a lot of new experiences. Some of them were thrilling, some of them were—and still are—unpleasant. We learned, most of us, what it means to sit down and write a check to the Government for taxes. Most of us learned also what it meant to be a direct holder of Government securities. We got our experience on both sides of bookkeeping, on the "pay-out" and the "take-in."

Some of that tax we pay comes back to us in a way we can see—in the shape of interest on our Liberty bonds. Most of it stays with the Government. How is it spent?

The biggest part of it goes to paying for war that we are through with and the next biggest part goes to paying for wars that are yet to come—for the support of our Army and Navy. Perhaps that last statement is unfair. It may be that we should look on our expenditures for the two branches of the military service as insurance against future war. But whichever way we look at it, the bill is there to be paid.

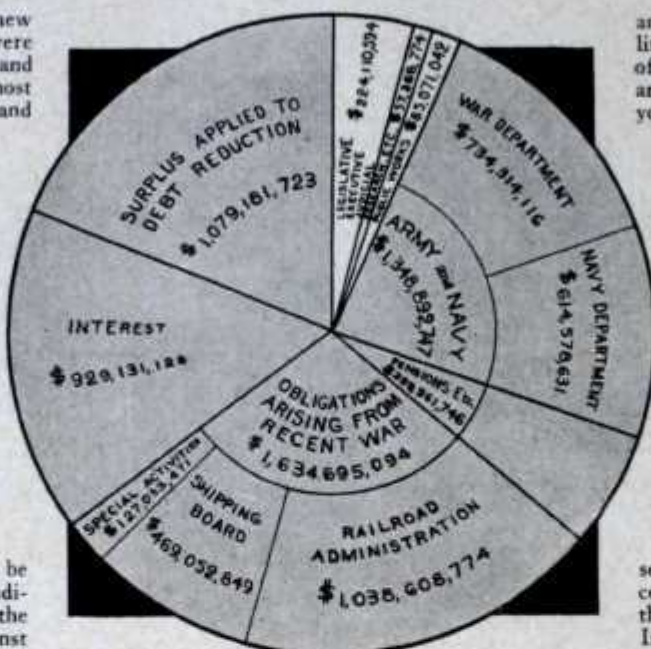
Let us talk tax and outgo in terms of the individual—of Mr. Everyman, and that Everyman means woman and child as well. If you would see what he did for the Government in 1920, borrow fifty-two silver dollars and three half dollars and stack them up.

That pile is Mr. Everyman's tax for 1920. Which is another way of saying that Federal taxation per capita in that year was about \$53.50.

Let us divide it about as the Government spent it in 1920. Count off thirty-seven dollars and one half and right on top of that put an additional pile of twelve dollars and another half. That fifty dollars we may charge to war, past and to come, the larger pile to bills for the past, the smaller sum to the current needs of the Army and Navy.

That left the Government \$3.50 to distribute among the rest of its varied activities. Of that, \$2 went to "primary government functions," executive, legislative, and judicial, and about a dollar to public works. Now there's a half-dollar left and with that are carried on the Government's myriad activities in research, education, and development.

That's the rough sketch. Let's go into a little more detail about that \$53.50 which Mr. Everyman turned over to the Government last year. In the first place, how does Uncle Sam get it? He gets the biggest part of it in a way we are painfully familiar with. Mr. Everyman writes a check, or buys a money-order or puts the cash on the counter. That's the income and excess profits tax which costs each of us \$37.20 a year. If you have change enough you can rearrange Mr. Everyman's stack as you go along, but it will take a lot of pennies, for we should have to divide it into ten piles, one big one—the



This "pie" was prepared by Dr. E. B. Rosa, of the United States Bureau of Standards, to show where the Nation's money went in 1920. The shaded part represents nearly five and a half billions that was gobbled up by wars—past, present, and to come. The small slice left is what went to all the other government activities.

\$37.20, and nine that range from \$2.89 to 23 cents.

From that item of income and excess profits there is a big drop to the next sum, customs, for which each of us pays \$2.89 a year, and of which most of us are pleasantly unconscious. Then comes a long list of taxes we do know about, what might be called the mosquito-bite taxes, of which we are constantly conscious, but no one of which hits straight between the eyes like the income tax.

First, there comes Mr. Everyman's tobacco. He pays \$2.77 each year for the privilege of defying little Robert Reed, and jeering at the possibilities of a 20th amendment. For transportation and public utilities he is taxed nearly as much, \$2.72, to be exact.

Tobacco was almost chiefly paid by Mr. Everyman, so we may assume that in a household of four, father, mother, and two children, whose share of the Federal tax bill is \$214.88, his is the responsibility for the \$11.08. But the next item is largely Mrs. Everyman's. It runs like this:

"Autos, Candy, Furs, Jewelry, etc., \$2.53." So a part of that \$10.12 for the family of four may be laid to the other half of the household, though no wise man will argue that tobacco is a necessity to be compared with "autos, candy, furs, or jewelry." Beverages, strong as it may seem, cost Mr.

and Mrs. Everyman and each of the little Everymen \$1.86 apiece, and each of us pays 77 cents a year in taxes on amusements. That's not much, yet, if you take the total, \$82,000,000, which the Government collected in 1920, and multiply it by ten you get a considerable amusement bill.

To finish the list there are four items which do not bring us in touch with everyday things:

Special taxes on capital stock, etc. . . . . \$99  
Estate inheritance . . . . . 97  
Stamps on legal papers, etc. . . . . 77  
Insurance and miscellaneous . . . . . 23

There you have the ways in which Uncle Sam drags or wheedles Mr. Everyman's money away from him. That totals \$52.72, which is the amount collected, and, if the difference between that sum and the \$53.50 is bothering you, you can cheer yourself up with the thought that about 25 cents comes back to each individual in the shape of rebates from the Bureau of Internal Revenue.

If Mr. Everyman needs to realize the difference ten years have made, let him look back to 1910 when the Government took from him by methods that were practically painless only about \$6.50 a year. If that were all Uncle Sam wanted now, he could almost get it from last year's customs and tobacco levies, and there would be no charge on income, excess profits, luxuries, soft drinks or theaters.

But now that we've paid it, let's go back to that pile of dollars, halves, and quarters that we divided up so carefully, and divide it still further.

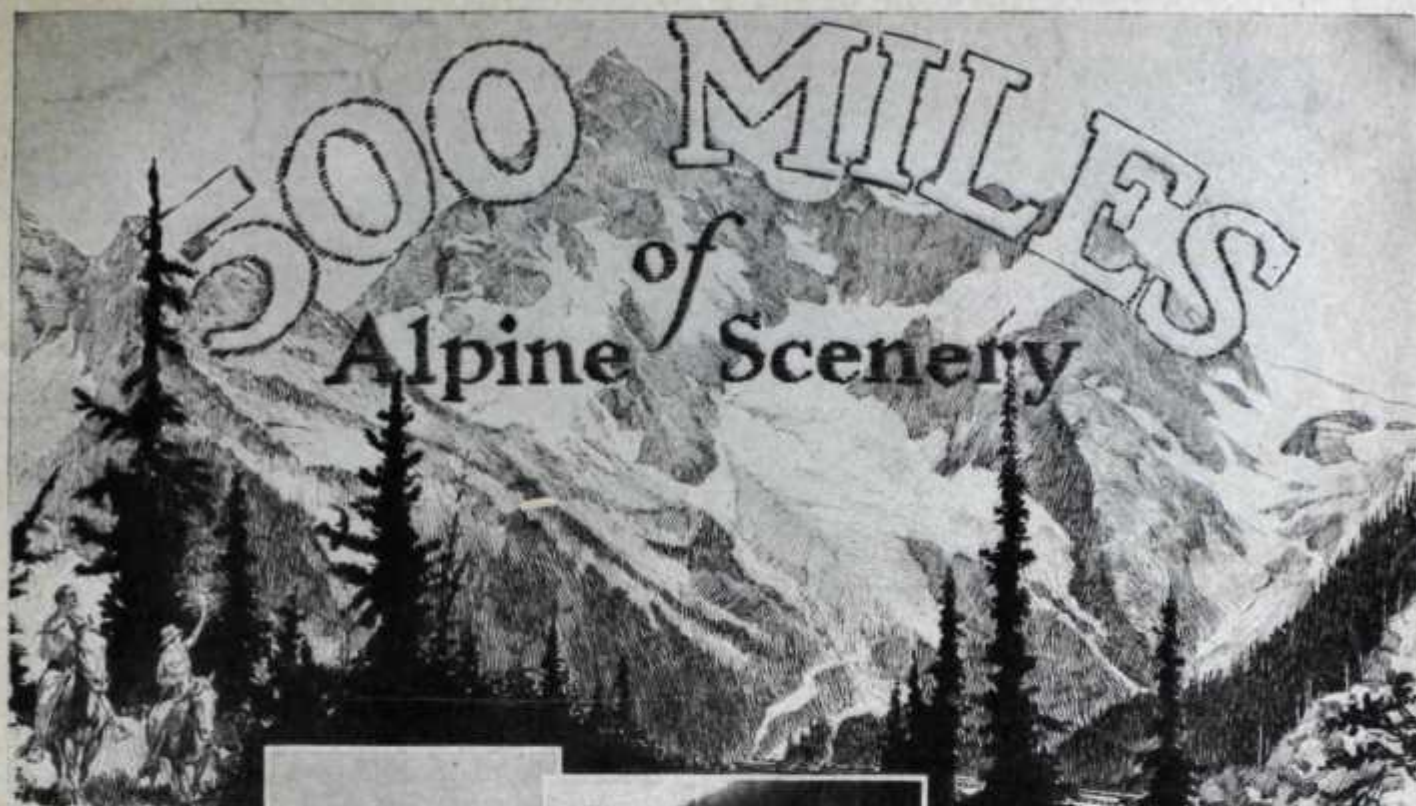
## The War Items

WHAT do we mean when we say that of Mr. Everyman's \$53.46 about \$50.00 goes for wars, past, present, and to come? At this writing it is fair to include present, for we are still in a technical state of war with Germany, and we still have soldiers in Europe. It's the wars past that cost us most of that bill, however.

We have already divided that \$50.00 into two parts, one of \$37.50 for war bills new and old and the other \$12.50 which went to the Army and Navy in 1920 in proportion of about \$7.00 to the land forces and \$5.50 to the sea fighters. Now we can split that \$47.50 up again. The biggest sum went into a fund which we might call "obligations arising from the war." Those come to \$15.50 for each of us and include the payments for railroad deficits and advances, the sum turned over to the Shipping Board and miscellaneous war activities. In other words, each of us paid \$9.45 to the railroads, \$4.50 to the Shipping Board and about \$1.25 to other war bills of which the European Food Relief was the chief. That alone took nearly a dollar from Everyman.

Having settled these accounts, the Govern-





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Cleveland, O.	5142 Prospect Ave.
Detroit, Mich.	1125 Woodward St.
Los Angeles, Cal.	605 South Spring St.
Minneapolis, Minn.	311 Second Ave. South
New York, N. Y.	1031 Broadway, cor. 29th St. Cor. Madison Ave. and 44th St. after June 1st
Philadelphia, Pa.	627 Chestnut St.
Pittsburgh, Pa.	349 South 8th
Portland, Ore.	33 Third St.
St. Louis, Mo.	418 Locust St.
San Francisco, Cal.	415 Market St.
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ment took \$3.00 from each dwindling pile and applied it to pensions and direct care of soldiers, no great share, surely, but considerable when you recall that it amounts to more than \$300,000,000.

Then Uncle Sam thinks of his debts. He sets aside \$8.75 for interest on the public debt, a total of nearly a billion dollars. Then, having settled down a little from the excitement of war, he decides to pay off some outstanding accounts and, not having been so extravagant as he started to be, he devotes \$10.00 from his pile for reduction of public debt. In other words, more than \$900,000,000 went back to the country's taxpayers as interest and more than a billion was spent on buying back bonds from them.

Now the pile is really low. We have three silver dollars and one-half and all we have left to provide for are those "primary government functions" which cost more than \$200,000,000 and use up \$2.00 of that stack, and the eighty-odd millions spent on permanent public works which calls for another dollar. That doesn't sound much like "pork" now!

Which, as has been said before, leaves us that scandalous half-a-dollar to scatter around on the educational, research, and development work of the Government. Fifty cents a head—it's really 55—doesn't sound much—neither does one cent out of every dollar of the taxpayer's money. Yet the total, \$57,000,000, is impressive and perhaps

we ought not to part with the last half-dollar quite so gaily. It owes us an explanation.

The farmer gets the big slice of it. Of the last 50 cents, which Mr. Everyman reluctantly turned over to the Government, the Agricultural Department gets 22 cents for its manifold activities, which include such things as the Bureau of Animal Industry, the Forest Service, the Weather Bureau, the Bureau of Markets, and a dozen others.

Educational work puts in a claim for seven cents that has to pay for the Library of Congress, the Smithsonian, the Government grants to Colleges of Agriculture and Mechanic Arts, and, biggest item, the work of Vocational Education.

Commerce and manufactures get 4 cents to carry on the Bureau of Standards and Fisheries, and the Coast and Geodetic Survey and 13 cents for the census of 1920. The Public Health work of research and development calls for 5 cents. Then Uncle Sam puts in 2.1-2 cents to better our mining and mineral industries. The odd half-cent goes to labor for collecting statistics and carrying on the Children's and Women's Bureau. Just one more brief comparison. Go back to 1910, when the Government cost us less than \$7.00 per capita. Even then two-thirds of that \$7.00 went to pensions, interest, war, and navy, but out of that \$7.00 more than 25 cents went to research, education and development.

## Nation's Business Observatory

Seeking a point where prices should stop—How shall a trade association know that it is sinning?—The motives that may cut crops

CAN anyone put his finger on the chart and say prices ought to go down to there and then stop? One or two rash prophets have tried. The comptroller of the currency says prices are about to go up. Here are some views of the trade press.

The former head of the War Industries Board would encourage trade associations. The trade associations—some at least—find themselves facing prosecution. The OBSERVATORY prints the views of some of those most directly concerned.

Can farmers, by concerted effort, cut down production? History says no. Below are some opinions on the present solution.

CHEERFULNESS in adversity may be reckoned a virtue. Hence this short story:

An ardent salesman of motion pictures for advertising and selling talked long and earnestly to the manufacturer.

At last the wearied manufacturer seemed convinced. He halted the salesman and said: "If you can find anything in motion in my factory, you can go ahead and photograph it."

There is one thing that manufacturers and retailers also are beginning to wish would cease motion or move in another way, and that is prices. There is coming anew the cry of "stabilization," and again men are saying:

"Let's admit that prices are not coming down to a pre-war level, but what sort of a level are they coming down to? What is the post-war level, if any?"

All answers are guessing, but guesses have an interest. One big construction company recently sent out a questionnaire to a number of lines of industry and asked, among other things, for opinions as to where their prices would find a stopping place, at least for a

time. The average of answers gave a post-war dollar of about \$1.60.

Similarly, Secretary of Agriculture Wallace has been holding out \$1.70 as the mark at which the farmer should rest content. The Secretary has drawn down on himself the wrath of some writers. *The Price Current Grain Reporter* says that the brotherhood of man hardly runs in practice to the extent of altruistic sacrifice on a scale large enough to bring this adjustment about as Mr. Wallace would wish, by universal agreement to pay more for foods and less for tin pans, victrolas and the movies.

*The Price Current* then quotes, with evident approval, the *Economist*, which said of Mr. Wallace's idea:

But to say "we will establish a level of 70 per cent above the old figures" is to demand or promise a result which we cannot achieve. All the world is concerned in one degree and another in the price of almost every article of commerce and every form of service. That is a big committee but it is doubtless the body that Mr. Wallace refers to in recommending a certain level of quotations. Nor does cost of production, as in the case of farm products, to which he refers, necessarily have anything to





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do with the matter except that high cost normally tends to reduce production and make high prices while low cost tends to oversupply the market and reduce the prices.

*Manufacturers' News*, of Chicago, which has little sympathy with the farmer, sees no sense in Mr. Wallace's idea. He may talk, says the *News*, but "that is all the good it will do him." The article goes on:

The public is in no humor to pet the farmer and make a little tin god of him. He has had his day at court. The prices of farm products jumped at the beginning of the war and during the war to an unprecedentedly high level. The farmer spat on his hands and caught the ball with a smile. He took his profit and in some instances soaked it away and in many others spent it. The price of land per acre jumped as high as a comet could sail and all you could see was the tail and ever since the war is over a wail has gone up that the farmer is not getting a square deal.

Whether or no, there is a line at which prices could or should steady themselves, there are industries which are complaining that their prices have gone to a lower level than could continue. For example, the president of the National Paint, Oil and Varnish Association, in a letter to members, says:

Since then, in the remarkably short time of only three months, our industry has accomplished liquidation so thoroughgoing, so far reaching and fundamental as to establish in the mind of every informed person the conclusion that under existing labor cost, price liquidations can go no further; indeed, in many cases involving raw materials price reductions have gone further than production costs justify.

Assuming that inventory losses have been absorbed, the primary problem today with every manufacturer is to fight his production costs downward until they reach a proper relationship to present-day selling prices.

In textiles there are indications, more particularly in certain lines of cottons, of advancing prices. *The Textile World-Journal* notes this and sounds a warning:

The possibility is admitted, however, of advancing prices too rapidly and of killing an incipient demand as was the case in January.

*Dry Goods Economist* says that in many lines "we appear to have reached a stopping place for both price and non-production," and specifies this list of articles where "things" are moving slowly but with more certainty than for half a year: "Boots and shoes, clothing, most cotton goods, furs, hosiery and knit underwear, silk goods, woolen goods, etc."

Yet, in an issue a week earlier, a writer takes the woolen trade to task for seeming to think that 100 per cent above pre-war prices is to be rock bottom for this and perhaps for several more seasons:

However, while prophecy in the present chaotic condition of the world is a hazardous business, it may be predicted with reasonable certainty that a price level 100 per cent above that of pre-war days is not one that can be maintained for any length of time. The general cost of living is not now 100 per cent above pre-war level; the purchasing power of the public as a whole is not 100 per cent above the pre-war level; and both are tending downward. And it is an economic truism that no one commodity, except under very special conditions, can remain long out of line with the general commodity level.

Cotton goods furnish an eloquent case in point. It was generally conceded that the prices made on cotton goods in January were absolutely rock-bottom. No one questioned, nor questions now, the statement of the producers that the prices then named were as low as could possibly be made. Yet on some lines of staple cottons prices now are actually declining. The immediate reason is that raw cotton is declining. But this is not the real



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L. Dimond Co., Providence, R. I.  
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Leinbach & Co., Lancaster, Pa.  
Bear & Co., York, Pa.  
Klein Bros., Lincoln, Nebr.  
A. Franchere Co., Cedar Rapids, Iowa  
John Boesch Co., Burlington, Ia.  
Wieboldt & Co., Chicago, Ill.  
Becker, Ryan & Co., Chicago, Ill.  
Adam, Meldrum & Anderson, Buffalo  
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New Eng. Furn. & Carpet Co., Minneapolis  
Timothy Dept. Store, Nashville, Tenn.

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reason. Raw cotton is going down because the mills are not buying enough cotton, and the mills are not buying enough cotton because the people of the world are not buying enough cotton goods. And the people of the world cannot buy enough cotton goods until their purchasing power and the price of cotton goods are more nearly on an equal basis.

The packers, if *The National Provisioner* correctly represents their feeling, might do well to ponder the paragraph just quoted. Under the caption "Prices at Rock Bottom" that paper says:

Hides, fertilizers and practically all by-products of the packing house, as well as cotton, cottonseed and cottonseed oil, may be included in the category of products which have declined to a position considerably below the general level of prices. Prices of all of these products are approximately at the 1913 level, and some of them are below. Hides are below the 1913 level. Cottonseed oil is considerably below the average level prevailing in 1913. If the general law can be depended upon, some relief may soon be afforded in the market for these products. It is difficult to forecast just how low the general level of prices will go, but if the Federal Reserve Board discount rate is not lowered, it may be expected to go well below the 200 per cent level of the 1913 average. One estimate has been made at 170 per cent of the pre-war level. At any rate here seems to be little doubt in the minds of most students of the market that it will continue for some time.

When the general decline is finally checked, the products which led the decline may reasonably be expected to lead the advance.

Another industry which feels that its sufferings are now about all it can bear is lumber. It pleads for a resistance to the price-cutting demands and this is the argument of *The Southern Lumberman*:

Haven't prices about reached a point where it is difficult for the producer to make any money? The more prices are reduced now, the more they will have to be raised later on if they are to be brought back to a profit-making level; so every cut today means additional trouble later on. Establish a selling price on your stock which represents its cost, plus a reasonable profit, and stick to it. That's the best way to hasten a return of normal conditions in the lumber market.

## Shall the Government

### Foster Trade Associations?

THE report of Bernard M. Baruch, as Chairman of the War Industries Board, urges the preservation of the good done by the trade associations, many of which were brought into being by the war. Mr. Baruch frankly recognizes their possibilities for evil—their power, wrongly administered, to influence production in such a way as to bring about an abnormally high price.

This is the other side of the picture, as Mr. Baruch sees it:

They can increase the amount of wealth available for the comfort of the people by inaugurating rules designed to eliminate wasteful practices attendant upon multiplicity of styles and types of articles in the various trades; they can assist in cultivating the public taste for rational types of commodities; by exchange of trade information, extravagant methods of production and distribution can be avoided through them, and production will tend to be localized in places best suited economically for it.

By acting as centers of information, furnishing lists of sources to purchasers and lists of purchasers to producers, supply and demand can be more economically balanced. From the point of vantage which competent men have at the central bureau of an association, not only can new demands be cultivated, but new sources of unexploited wealth can be indicated. In case of a national emergency, the existence of these associations at the beginning would be of incalculable aid to the supply organizations. Many of these considerations apply to large individual companies as well as to associations.

Mr. Baruch would have the Government



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PERHAPS you have never considered the enormous amount of labor and money wasted with the ordinary round type cooler. The ice, delivered in cake form, has to be broken into small pieces so that the cooler can be packed. Ice broken up melts much quicker than ice in large cakes. And round coolers often require refilling twice a day.

There is none of this with the Jewett. The Jewett is square and takes a complete cake of ice. The walls are insulated with pure cork 1 1/2" thick which keeps in the cold and locks

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and save the dealer's profit. Any handy man can connect it to your regular water supply system. In winter it can be used without ice.

The Jewett's improved, angle-flow bubbler eliminates any possibility of contamination. No dangerous tin cups or dippers. No expense for paper cups; yet a glass can be filled from the angle flow stream. It is impossible to drink with the lips directly over the bubbler.

Plan NOW to instal a water cooler system this summer—don't wait until hot weather begins to reduce production. Send today for detailed information and quotations.

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Size No. 1—  
\$38. 50 lbs.  
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# SEATTLE

## is the healthiest city in the world



By C. T. CONOVER

**T**HIS IS not a chance happening for one year, but an unbroken record over a long period of years, according to the Mortality Statistics of the United States government. For instance, according to latest available figures Seattle's death rate was 8.6 per 1,000, Spokane's 9.5, Los Angeles' 12.9, Cincinnati's 14.2, St. Paul's 14.3, Philadelphia's 14.5, Boston's 14.9, San Francisco's 15.1, Baltimore's 15.5, Washington's 15.6, New Orleans' 19.7, and Trenton's 20.1. Your expectancy of life will be materially increased by living in Seattle.

Seattle is in a class by itself in respect to the low rate of infant mortality, 55 per 1,000. In other words, the infant born in Seattle has approximately 95 chances out of 100 of surviving and several times more chances of attaining adult life than the baby born in the East or the Middle West. It will also be a sturdier and stronger person. Seattle is a paradise for children—infantile complaints are practically unknown.

Seattle's health record is due to an entire absence of extremes of heat and cold, of cyclones, hurricanes, earthquakes and severe electrical storms—a climate soothing to nervous troubles and that invites one out of doors the year round, an abundance of pure water, an altogether exceptional milk supply, perfect drainage and a scenic environment whose beauty and sublimity tend to lift one above the petty trials of life.

The climate gives a 20 per cent margin in manufacturing costs due to increased efficiency of labor, a fact well demonstrated in competition.

Seattle is the center of the richest area on the continent in basic resources—timber, agriculture, horticulture, dairying, mining, coal, fisheries, etc.—is by far the nearest Pacific Coast port to the Orient and the chief railroad center on the Pacific Coast.

Seattle's harbor is classed by shipping men as the best in the world and her docks and cargo handling equipment are superior to anything on the coast.

Seattle is a wonder city—grown from 4,000 to 350,000 during the writer's business life. *The big opportunities are still ahead.* Whether you simply want to enjoy life and live long, or have an industry to establish or a branch to locate, send for Seattle's inspiring story, "Seattle, the Seaport of Success."

"I think that this Puget Sound country, perhaps because of its climate and its ideals, is breeding a stronger and better fibered civilization than is elsewhere apparent in this country."—W. C. Edens, of the Central Trust Co., Chicago.



"It is the charmed land of the American continent with the most restful and soothing climate in the world, the land where 'it is always afternoon' and the ideal home for the blonde races upon this American continent."—Dr. Woods Hutchinson.

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**Manufacture in Seattle—The Seaport of Success**

encourage, under strict supervision, "such co-operation and coordination in industry as should tend to increase production, eliminate waste, conserve natural resources, improve the quality of the products, promote efficiency in operation, and thus reduce costs to the ultimate consumer."

The *Iron Age* is not certain of the wisdom of Mr. Baruch's proposals and puts its doubts in this form:

Whether it would be wise to establish, as recommended by Mr. Baruch, some form of government tribunal, which would have power to sanction in the public interest the intimate associations of industries which resulted in economies and increased production in 1917 and 1918, may be doubtful. At the same time it would seem quite possible to establish closer relations of government and business without running any risk of permitting any intimate association which might result in combinations detrimental to the public interest.

"Has it finally dawned upon the Government," asks *Oil, Paint and Drug Reporter*, "that every attempt at intra-vocational cooperation does not constitute a malevolent trust"? The *Reporter* calls for action:

It is the belief of the War Industries Board that the example set in time of war should not be passed by in time of peace. It sees that regulation, not prohibition or outlawing, will get the most good out of the desire of business to bring its several related units into harmony of action and purpose. Those who long have striven for official recognition of this fact which they well understood may now take heart. Also should they take action.

Meanwhile, some trade associations now in existence are having trouble. The case of the Hardwood Lumber Association is now before the Supreme Court and the Federal Trade Commission has laid before the Department of Justice charges that the Chicago Stationers' Association, the National Association of Stationers and all affiliated bodies are violating the anti-trust laws.

The *Southern Lumberman* presents the demand for "advice in advance" as to whether association activities are illegal. It says:

Why should it not be possible for the business men and other citizens of the country to have at their disposal some governmental department to whom they could appeal, before the act, and get a final definite decision as to the legality of any proposed course of procedure? Why should he have to proceed in doubt, and have a definite decision only after he has been subjected to a troublesome and expensive experience in the courts?

### Two Cases Where Labor Has Gone Into Management

**I**T IS one thing to talk of worker control of industry and quite another thing to try it. Various writers, comparing railroad wages and quotations of railroad stocks, have pointed out that no great exercise of thrift would enable the employees on any one of a number of railroads to acquire control of its stock.

Two plans that are nearer realization are reported and will be watched with interest. One is thus described in *The Knit Goods Bulletin*:

The announced plan of the United Textile Workers to engage in the silk manufacturing business, for which attempt it is intended to take over or conduct the Mammoth Spun Silk Corporation, incorporated under the Massachusetts laws, March 30, 1920, recalls the recent collapse of the "Norfolk Plan."

Failure of the machine shop owned and operated by labor unions at Norfolk, Va., is not a conclusive demonstration of the unsoundness of movements of that kind, but it is an item of evidence worth consideration. It will be remembered that when the



owners of iron-working shops in Norfolk determined to go on an "open shop" basis, the International Association of Machinists, a labor organization, financed the purchase of the Crescent Iron Works, and operated it on a strictly union basis. It is now going through bankruptcy proceedings.

The experiment of the United Textile Workers will be watched with no little interest, notwithstanding the experiments at Norfolk shed some light on the subject. But one experiment does not constitute a demonstration. It is to be hoped that in other industries similar movements will be undertaken in order that more conclusive deductions may be made.

The *American Contractor* reports a more interesting experiment in the case of the Building Trades Unions' Construction and Housing Company. The company was incorporated with a capital of 10,000 shares of \$10 each, no holder to have more than 10 shares. The *Contractor* says that approximately 1,000 subscribers are registered and that several building projects have been successfully handled.

The *American Architect* has this to say of the enterprise:

The interesting part of it, of course, is that the movement is entirely backed, and promoted, and managed by working men. Few, if any of them, were so much as familiar with accounting, finance, and the great mass of office routine which is necessary in the administration of such an organization. A number of the leaders associated with the movement are going to the Trade Union College in Boston, where they are taking courses in the various matters which enter into the administration of the council. They have received help, and are receiving it, from Harvard University and from Boston lawyers. They gratefully acknowledge the generous help accorded them by these lawyers at the beginning of the council's life. Members of the council are also taking courses in banking, architecture, and accounting at the Trade Union College.

### Farmers Still Threaten to Decrease Production

TALK of crop restriction continues. The history of such movements is not one of success, but cotton mill men are, if not anxious, at least interested in what is happening. Recently *Textile World* pointed out the factors that were unusual this year:

Although cotton distributors and spinners have recognized that the organized efforts of southern bankers to restrict cotton acreage would prove more effective than any previous similar movement of growers alone, it has been general opinion until recently that they would fail of their objective by a very wide margin. While a 33½ per cent reduction in acreage has been aimed at it has been conservative opinion that not more than a 15 or 20 per cent reduction would be realized.

With cotton selling at plantations in the South at prices that do not more than cover the cost of picking alone, and with bankers refusing to extend credit to planters for the carrying of old cotton and the planting of a new crop unless they will guarantee to reduce acreage at least one-third, there is excellent reason to believe that the present acreage reduction movement may approximate much closer to its initial objective than any but its sponsors have anticipated.

The *Price Current-Grain Reporter* pooh-poohs the whole project:

In the South the cotton acreage may be cut down by the planters or the boll weevil. Bankers in Georgia favor the reduction by a third in the acreage and so reduce the state cotton production by 50 per cent. In Texas, Arkansas and Louisiana it is said that bankers would substitute for cotton. It would be folly to try to grow a surplus of grain in the South, in a country without grain elevators to move it and where, the cowpea perhaps alone excepted, all grain crops are subject to weevil damage which prevents storage for any but the briefest of periods. In the North there is nowhere in evidence a disposition to reduce crop acreages.

It is a very attractive theory, to cut down farm



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Write Roger W. Babson, founder of The Babson Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me a copy of Special Bulletin R41, and Booklet, "Increasing Net Profits,"—gratis.



production. It would be of use of course in advancing prices if (and only if) the curtailment should bring about a palpable shortage, but no movement to cut crops in this way has ever been a success. The South tried it once with cotton quite recently and only succeeded in increasing the crop. No curtailment in production in this country is possible unless a shortage be caused by "act of God"; that is to say, by weather and insect pest conspiracy against man's industry.

The arguments used with the cotton grower are interesting. Here is a good specimen from *The Progressive Farmer* published in North Carolina:

What's the sense—common sense, horse sense, or any other kind of sense—of growing 4,000,000 bales of cotton for nothing?

Everybody admits that an 8,000,000-bale crop of cotton this year will bring just as much money as a 12,000,000-bale crop. What, then, is the sense of planting, chopping, nurturing, picking, and ginning 4,000,000 extra bales of cotton for nothing?

*Wallace's Farmer* believes that corn acreage should be greatly reduced and says:

City people are always greatly alarmed about any talk of reduced production of farm products. They throw up their hands in horror and refuse to examine the facts of the particular situation with an open mind. Ordinarily we admit that it is poor policy to bring about pronounced reductions in the acreages of our staple crops, but in this particular instance unbiased investigation will lead inevitably to the conclusion that the corn acreage of the United States and especially of Iowa should be very greatly reduced. This conclusion is reinforced by the policy of the cotton growers who, backed up by their bankers, have announced their intention of reducing cotton acreage 30 per cent and putting most of this 30 per cent into corn. Furthermore, weather and crop records indicate that following mild winters the corn crop is generally better than normal. Unless the corn acreage is very severely reduced or unless we are visited by a drouth of the sort which comes only once in twenty years, we shall have such a surplus of corn carried over into 1922 that corn will continue to sell for less than cost of production for another fifteen months.

### Future Trading in Sugar May

#### Be Tried on a New Plan

THE sugar industry is by no means a unit in regard to the proposal for future trading in refined sugar upon which the members of the New York exchange are to vote. The familiar argument in its favor is that it would permit the manufacturer using large amounts of sugar to protect himself against a decline by selling for future delivery.

*Facts about Sugar* advances this argument and goes on to say:

Probably the feature of the committee's plans which will arouse the most interest and discussion is the proposal to have deliveries on future contracts made in Chicago instead of in New York, where trading actually will be carried on. While this proposal has been criticised the arrangement is a logical one, as will appear on a little reflection. New York is the central trading point, but Chicago is the central point of distribution, the market in which sugar from practically all the sources contributing to the supply of the United States can meet and compete on fairly equal terms.

It is not claimed by the committee or by any of those who have studied the proposal for future trading in refined sugar, that it will eliminate speculation or prevent price fluctuations. In fact, the existence of an active speculative interest is essential to the full success and usefulness of the plan. The presence of such an element, willing at all times to back its judgment against future possibilities, will tend to reduce the violence of price movements and thereby to promote greater stability. Moreover, the existence of such a market will make it possible for every buyer and seller to find a customer at some price, a feature the importance of which has been strikingly illustrated by trade experiences of the not distant past.

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## What Secretary Hoover Hopes To Do

THE United States Department of Commerce promises to become, under the administration of Herbert Hoover, a real department of service for American business if Mr. Hoover's plans are made fully effective.

One of the new secretary's first moves after taking office was to call in the Chamber of Commerce of the United States and other organizations for assistance in working out a practical plan of cooperation between the department and business. Mr. Hoover's purpose is to make of the department a great service department; to make it the center point in the relationships between business and government.

The National Chamber has appointed a committee of five leading business men, with five alternates, which is working with Mr. Hoover on plans for creating an economic advisory council for the department and for establishing within the industries committees which will bring to the department information respecting the problems with which they are confronted. A. W. Shaw, of Chicago, who during the war served as head of the Conservation Division of the War Industries Board, is assisting Mr. Hoover in this work.

The committee named by the National Chamber has on it: A. C. Bedford, New York, chairman of the Board, Standard Oil Company of New Jersey; George Ed Smith, New York, president Royal Typewriter Company; John H. Fahey, Boston, publisher; Homer L. Ferguson, Newport News, Va., president of the Newport News Shipbuilding and Drydock Company; Philip H. Gadsden, Philadelphia, president of the American Electric Railway Association.

The five alternates are: Lewis B. Stillwell, New York, electrical and consulting engineer; Howard Elliott, New York, chairman, of the Board Northern Pacific Railway Company; Henry M. Victor, Charlotte, N. C., cotton manufacturer and president of the Union National Bank; A. L. Humphrey, Pittsburgh, president of the Westinghouse Airbrake Company.

Mr. Hoover believes with leading American business men that the Department of Commerce should be essentially a service department. He is opposed to suggestions that the department should take over regulatory functions in the belief that such a procedure would destroy the value of the department.

No government department can do service for the community in the opinion of Mr. Hoover, unless it is in closest touch with the community which it expects to serve. One can not sit down in Washington, he says, and invent methods of conducting American business. Thus in trying to work out a plan for cooperation between the department and business he has conceived the idea of these committees of business to be in closest touch with the department.

### The Department's Functions

THE Department of Commerce, in the belief of Mr. Hoover, has two distinct functions—one, that of promoting trade, and the other that of improving efficiency in industry. In view of the dependence of the United States on foreign trade as an outlet for surplus products it is the intention of Mr. Hoover to take up this feature first.

Efficiency in industry is a subject very dear to Mr. Hoover. There is no country in the world where industry and business, in the



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sense of the individual industry and the individual business, is more efficient than in the United States, taking it by and large. But our collective efficiency is certainly far lower than that of Germany. The French are rapidly overtaking us; the British are taking steps to place themselves in advance of us.

Mr. Hoover's idea of advisory committees is that if American industries could be grouped in major divisions, and then if the appointment of small advisory boards to the Department could be made representing the big groups and comprised of men of vision, business would get more constructive results from the foreign service of the Commerce Department. Mr. Hoover believes that the various trade associations might name representatives to remain permanently in Washington working closely with the Department, the trade associations to pay the expenses of these men.

America's trade, Mr. Hoover sees falling into default now that we are on a competitive basis again, to a considerable degree because we do not possess in the hands of our nationals the final distribution machinery in foreign countries. That, of course, does exist in some industries, but if you will examine the number of foreign trade concerns in a country like the Argentine, you will find that we have a small percentage. They are in fact the wholesale houses of the foreign country and parallel with them stands their bank.

Commerce is as much a question of selling as of competition in price. We have not the agent on the job. The Department of Commerce can not establish wholesale houses in Europe or the Argentine, but unless we are to have more soldiers in that front line, we are not going to get and hold this trade. Individual manufacturers can not afford the risk of establishing agencies of that kind, and if we are to secure the protection of that first line, we must have the cooperative action of a great number of individuals in the industry. That we should get into that line is important and more necessary than ever, Mr. Hoover believes, in view of the general tendency in Europe toward nationalization.

### One Result of War

THE word "nationalization" is used for lack of a better expression. One result of the war has been that trade organizations are being developed either in the form of cartels or consortiums or the particular form which the British use by which they spread the risk of foreign trade over large areas and conduct a militant competition in isolated areas which will control the market.

These consortiums have a great influence on imports. The recent consortium formed in France controlling the importation of coal from the United States caused a heavy reduction in price of American coal. The entire purchase of coal in France is in the hands of the consortium. They have the same thing for wheat in England.

There is no complaint about the development of this method in their commerce. But if we are to succeed in competition, it can only be by a better organization of our trades.

Mr. Hoover wants to start with an advisory board and committees. The trade committees might possibly develop wholesale facilities on the other side spread over large areas so they could stand the shock of isolated competition like they do in Europe. It might be possible for them to sell goods irrespective of price. But so long as we have no wholesale shops in those countries we do not stand a fair show unless we can compete on a price basis far below theirs. We cannot compete on the same price level.

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## Log of Organized Business

**J**UNIOR Chambers of Commerce are springing up so rapidly here and there, and exercise such a manifestly growing influence, that the formation of a new one seldom attracts wide attention. But who would have guessed that Doctor Charles W. Eliot's article on education, in the February number of *THE NATION'S BUSINESS*, would prove a factor in their growth? That is precisely what has happened.

The reading of Doctor Eliot's article in South San Francisco, writes H. K. Smith, secretary of the Chamber of Commerce there, suggested "the forming of a Junior Chamber of Commerce by the High School students. They will largely endeavor, of course, to help out in the promotion of local matters. We believe this will be a very good move as it will give the students a good idea of civic duties and the necessity that all citizens perform their civic duties."

At the time of the first convention of the United States Junior Chamber of Commerce, held in St. Louis in June, 1920, there were not more than six Junior Chambers in the United States. Since the convention forty-seven have been organized in various parts of the country and seventeen of these are at present members of the National Junior Chamber of Commerce, having a total membership of 25,000. This, with the membership of the various local Junior organizations which have not as yet become affiliated with the National Body, make a total of over 75,000 young men between the ages of 18 and 30 actively engaged in civic and commercial work.

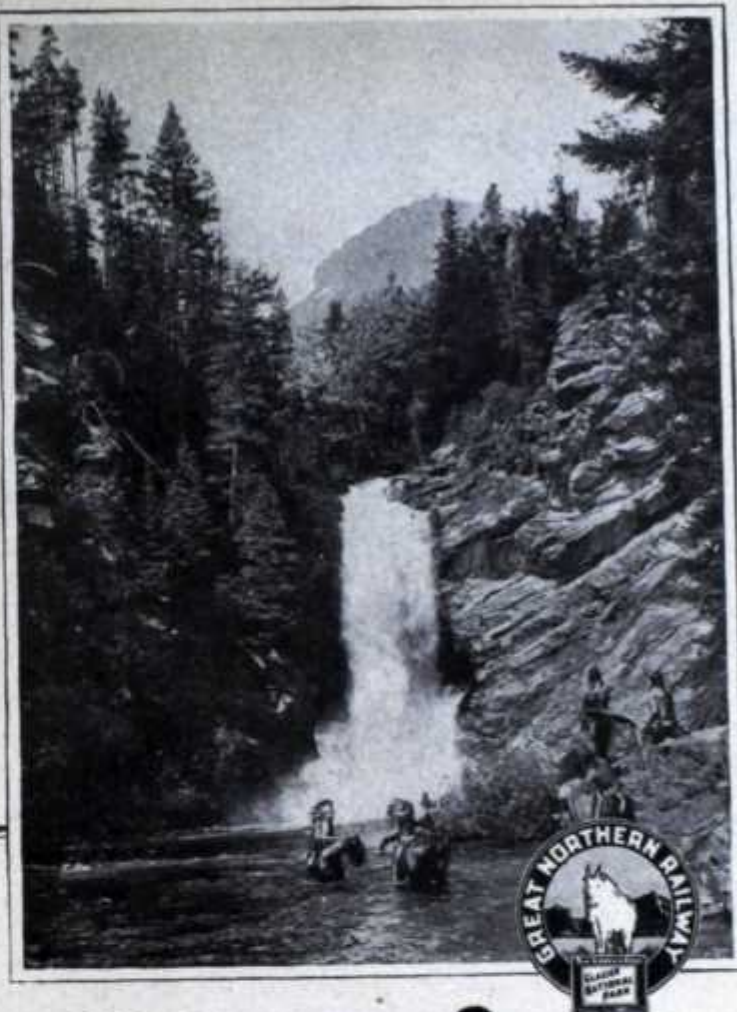
The United States Junior Chamber of Commerce is daily adding to its membership and Junior Chambers are being formed in every important city of the country, due largely to the success and active work of the St. Louis Junior Chamber of Commerce, in which was originated the Junior Chamber idea. The St. Louis Junior Chamber now has a membership of 3,800.

The Indianapolis Junior Chamber of Commerce has a successful employment service for young men. In the future it expects to pay special attention to graduates of Indiana technical schools, such as Purdue, Rose Polytechnic, and Valparaiso, with a view to placing them in Indiana. Statistics collected by the Junior Chamber of Commerce shows that only 30 per cent of the technical graduates of these schools find employment in Indiana, and it is believed that the State's industries can use a greater number.

The idea back of the Junior Chamber is coordination of the agencies through which boys develop into young men and young men into mature characters capable of handling the affairs of the Nation. It fills the gap between possible membership in the Boy Scouts and membership in an adult Chamber.

There is a period between the ages of 18 and 30, during which the youth either advances toward successful, mature manhood or retrogresses to mediocrity or failure. Failure is often the result of unfortunate environment, in or out of the home, which the boy's undeveloped moral stamina, or perhaps lack of ambition, does not enable him to overcome.

There are several excellent organizations for young men between the ages of 18 and 30, but their respective programs are more or less specialized and have in the past attracted only a small percentage of those who should be reached. The evolution and development of an organization known as the



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Chicago, in fact, does not belong to itself, but to people and nations distributed over the face of the globe. Its services are universal, its wealth and commodities are transported to the four corners of the earth.

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Junior Chamber of Commerce has now provided a program of activities and interests suitable to the varied tastes and characteristics of young men in every walk of life.

Clarence H. Howard, president of the Commonwealth Steel Company, is the originator of the Junior Chamber idea, and much credit is due him for the success of the organization. He has devoted a large part of his time, money, and efforts to building up the boy and young man power of his city. As an expression of appreciation these young men have elected him Honorary President of both the St. Louis and United States Junior Chambers of Commerce. Henry Giessenbier, Jr., is president of the United States Junior Chamber of Commerce, and Thurman W. Payne is president of the St. Louis Junior Chamber.

### How One State Chamber Works

**J**UST as the Junior Chamber of Commerce is an extension in one direction of the scope of the local organization, so do State Chambers, where they have been formed, undertake to amplify its activities, and the Pennsylvania organization is an example of conspicuous success in that direction. There is some question as to whether arbitrary geographic lines exercise great influence in industry, but State Chambers have an obvious place in dealing with agriculture, State legislation, and the encouragement of local Chambers.

The Pennsylvania State Chamber of Commerce is largely a service body. Its facilities are placed at the disposal of all constituent members, which include local commercial organizations, firms, and corporations interested in the development of Pennsylvania. Memberships are on a unit and multiple basis, which has been found a good practice among commercial organizations generally.

The State Chamber works largely through bureaus, of which there are at the present time four—Agricultural, Field Service, Legislative, and Research. A Housing Bureau was established last year and conducted as long as inquiries made necessary its retention. Each bureau is headed by a man who is especially trained in his particular department.

The Agricultural Bureau is a channel from agricultural thought, aims, and aspirations to industry and commerce, and it advises with agriculture on the needs of industry and commerce, present and prospective. It has established the Neosho Plan of cooperative advertising-merchandising in Pennsylvania, which stimulates community development by bringing the town and country closer together, extending trade territory, and creating auction markets for live stock and for used farm implements. It is turning attention to the better financing of the farmer through a system of farm credit and is working with local Chambers on definite Americanization programs.

The Field Service Bureau aids in the organization of local Chambers of Commerce, emphasizes the necessity of building and keeping Chambers of Commerce on a business basis, and gives specialized assistance to local Chambers. It has charge of State Chamber membership work and publicity.

The Legislative Bureau scrutinizes all measures which may be inimical to business interests or the greater development of Pennsylvania, and during the sessions of the General Assembly issues a weekly bulletin giving the status of legislation. It presents matters upon which the Directors or Chamber may have acted, and is equipped to present cases for State Chamber members.

The Research Bureau makes a study of the social and economic problems facing the



State. Reports have already been issued on the Federal Prohibition Amendment, Health Insurance, Old Age Pensions, the Services and Needs of Pennsylvania State College, and a proposed housing code for Pennsylvania.

The Director acts as Secretary of several of the State Chamber's special committees. He also confers with local Chambers of Commerce upon the latest improvements in the organization and administration of borough and city governments.

The Housing Bureau aided forty-four Pennsylvania communities in making a definite start in the solution of the housing problem and even placed in their possession a book of seventy-five blue prints showing floor plans, elevations, and perspectives of model homes.

As much of this type of service to the members and communities is most easily made available through the local Chambers of Commerce, the bureau chiefs have delivered many public addresses. The organization publishes a monthly house organ entitled "Pennsylvania Progress."

#### Building a Housing Program

A HOUSING PROGRAM" has just been issued in pamphlet form by the Civic Development Department of the Chamber of Commerce of the United States, of which John Ihlder is manager. It tells the methods by which a commercial organization may procure the local information necessary before undertaking a constructive program, may obtain similar information from other communities, and so may adopt a plan which will provide ultimately enough good dwellings for its public. The pamphlet is ready for distribution, and may be procured by addressing the Civic Development Department.

#### Forestry Committee Named

APPOINTMENT of a committee to study the forestry situation in this country was announced recently by Joseph H. De-frees, president of the Chamber of Commerce of the United States. Timber owners, lumber users, foresters, and the public are represented on the committee. The first meeting of the committee will be held at Atlantic City, April 27 to 29. At that time it will outline its program. The members are:

David L. Goodwillie, Chairman, Goodwillie Brothers, Chicago; Charles S. Keith, President Central Coal and Coke Co., Kansas City; F. C. Knapp, Peninsula Lumber Company, Portland, Oreg.; Robert W. Irwin, Robert W. Irwin Company, Grand Rapids, Mich.; G. L. Curtis, Treasurer, Curtis Brothers & Company, Clinton, Iowa; Horace Taylor, Taylor & Crute, Buffalo; John Fletcher, Vice President, Fort Dearborn National Bank, Chicago; Charles F. Quincy, President, Q. & C. Company, New York; Dr. Henry S. Drinker, President, Lehigh University, South Bethlehem, Pa.; Hugh P. Baker, Secretary, American Paper and Pulp Association, New York; Harvey N. Shepard, Chairman, Massachusetts State Forest Commission, Boston.

#### For American Marine Insurance

AN adequate and independent marine insurance is a necessity of American foreign trade. It has come to be generally recognized that banking facilities abroad, merchant ships, and marine insurance are the three essentials of expanding international commerce. The Insurance Department Committee of the Chamber of Commerce of the United States submitted a report on the American marine insurance situation at the recent meeting of the Board of Directors in Chicago, in which these facts were emphasized.

The Insurance Department Committee asked permission, which was granted by the Board, to publish a bulletin of information



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relative to the American marine insurance situation and to distribute it to the Chambers of Commerce, trade associations, and other member organizations, to stimulate their interest in matters affecting this important copartnership with industry, banking, and shipping, and the development of overseas commerce.

The cost of insurance as between our own and foreign markets is a crucial question in any attempt to establish a vigorous and independent American business, as is set forth in the Committee's report. At present the American cost is admittedly high. In part this is due to artificial restrictions, such as excessive taxes and obstructive legislation.

There is an amazing lack of uniformity in the tax requirements of the various States, and the levies imposed are of unusual size. The aggregate taxes and fees paid by American marine insurance companies during 1918 were one and one-fourth times as large as the underwriting profit remaining. The tax gatherer took from these companies in the aggregate considerably more than the stockholders received in dividends. In some cases, companies actually paid taxes on losses. Both the Federal Government and the States impose taxes on premiums instead of taxing profits, but it is confidently expected that the Federal tax will be removed and it is the hope that the various States may alter their system to the more logical form.

Since marine insurance underwriters know the cargoes, consignors, consignees, carriers, trade routes, financial affiliation, and contract terms of transactions, it is obvious that so long as foreign companies do this business they gain possession of important American trade secrets. Heretofore, the greater part of our marine insurance premiums have gone to the enrichment of competitors abroad. Steps have been taken to remedy this by the formation, with Government approval, of service syndicates consisting of combinations of American companies. But much remains to be done in correcting or removing legislative obstacles, and the Insurance Department Committee of the Chamber of Commerce of the United States is conducting an educational campaign toward that end in cooperation with the House Committee on Merchant Marine and Fisheries and the United States Shipping Board.

### Mexican Trade Conference

AN international trade conference will be held in the City of Mexico beginning June 20 and ending June 26, directed by the Confederation of Chambers of Commerce of Mexico. The American Chamber of Commerce of Mexico, which is a supporting member, has given up its plans for a separate conference in April, and is helping the Confederation to arrange the plans and program for the international conference.

The program will include discussions of Mexican credits, Mexican methods of sales and distribution, choosing agents and representatives in Mexico, advertising, the Mexican consular service, tariff reciprocity, standardization, the exchange of Mexican-American scholarships, and other topics.

American manufacturers, exporters, and importers are being asked to send representatives to this June conference. A large attendance of English, Spanish, French, German, and Mexican exporters and importers is expected. The twelve members of the delegation visited Washington and were the guests of the United States Chamber of Commerce at lunch. They also visited the Pan-American Union.

Herbert P. Lewis is president and William



F. Saunders Secretary of the American Chamber at Apartado 82-Bis, Mexico City.

### Daylight Saving Question

**DAYLIGHT** saving will be one of the subjects for consideration at the annual meeting of the Chamber of Commerce of the United States in Atlantic City, which will convene as this appears.

A Federal law for daylight saving was enacted after the Chamber, in 1917, took formal action in its support, but the measure had been repealed. Many inquiries have been received as to the present stand of the Chamber, advocates of daylight saving urging that the action of 1917 be continued, opponents maintaining that this action was taken merely "as a war measure"—quoting a phrase in the resolutions then adopted.

The position to be taken will be determined, it is expected, at Atlantic City.

### Cooperation in Tampico

**A**FINE spirit of cooperation has been developed between the Camara de Comercio, the Chinese Chamber of Commerce, and the American Chamber of Commerce of Tampico, according to the *Journal of the American Chamber of Commerce of Tampico*, S. C. L. In working for the La Barra Highway, for a better water supply and in other matters of mutual interest, they have increased their efficiency by combining efforts.

If Tampico wharf and custom-house conditions are improved, the Mexican and the Chinese business man is helped as much as is the American, and all suffer alike from congestion. If transportation between Tampico and the interior and the United States is improved, every citizen of Tampico is directly benefited. If improved highways are built the whole community takes a great step forward, and if fire danger is averted by an adequate water supply the benefit is not for any one class but for all.

Those things are easy to see, yet the friendly way in which the three organizations are working together shows a mutual realization of them which is pleasant.

### Foreign Trade Council

**W**HETHER a delegate to the eighth annual convention of the National Foreign Trade Council wishes to learn how to take the first steps in entering export trade, how to establish a foreign subsidiary, how to combine under the Webb law, how the Edge law may help him in handling long-term credits, how to protect his trade-marks abroad, what protection marine insurance should afford, how to handle his foreign credit risks, how best to advertise abroad, or what not, his answer will be awaiting him at the hands of the Trade Advisor Service.

The Convention will be held at Cleveland, May 4 to 7. Under the direction of A. E. Ashburner, foreign trade manager of the American Multigraph Sales Company, the Trade Advisor Service will this year be a real service. Between 75 and 100 foreign trade managers of long and extensive experience, representing as many lines of export, and capable of answering any question that may arise, will comprise its working staff. In addition the Federal Government departments of State and Commerce will supply a supplementary division for legal and technical questions.

More than 3,000 manufacturers, bankers, merchants, and transportation men are expected to attend the convention. The speak-

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Dictograph Products Corporation,  
New York City.

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ers and their subjects, as announced at this writing, are as follows:

Walter S. Tower, Consolidated Steel Corporation, on "Means of Getting an International Viewpoint in Foreign Trade Education"; J. A. DeHaas, New York University, on "Fundamentals in Foreign Trade Education"; F. D. Rock, Armour & Co., "The Foreign Credit Department"; J. G. Geddes, Union Trust Co., Cleveland, "The Foreign Credit Risk"; Rowland Rogers, Picture Service Corporation, "Practical Use of Films in Sales Promotion Abroad"; J. Walter Drake, chairman of board, Hupp Motor Car Co., "Government Service to Foreign Trade"; S. W. Stratton, Bureau of Standards, "A Practical Method of Tests for Export"; Colonel Fred Cardway, Packard Motor Car Co., "Psychology of International Advertising"; C. C. Martin, National Paper and Type Co., "One Essential of Successful Exporting"; A. B. Cole, Westinghouse Electric International Co., "What I Expect From My Advertising Appropriation"; Frederick Dickinson, Hupp Motor Car Co., "Foreign Advertising"; R. S. McElwee, Bureau of Foreign and Domestic Commerce, "The Trade Balance and the Exchanges"; Will A. Peairs, Chamberlain Medicine Co., "Our Trade and Relations With Mexico"; Fred L. Kent, Bankers' Trust Co., "Financing Foreign Trade"; J. A. Farrell, chairman National Foreign Trade Council, "American Maritime Policy"; Philip B. Kennedy, First Federal Foreign Banking Association, "Practical Developments of Edge Law Banking"; M. A. Oudin, International General Electric Co.; Wesley Frost, Department of State, "The Trade Balance and Exchanges"; and W. P. G. Harding, governor Federal Reserve Board, "Frozen Credits—How to Thaw Them."

#### Foreign Chambers in America

THERE are twenty-three foreign and international chambers of commerce located in the United States. Records from our files and reports appearing in trade and newspapers show that there have been formed in the United States the following chambers of commerce, whose primary purpose is to promote commercial relations between the United States and foreign countries. These are located in New York City:

American-Russian Chamber of Commerce,  
American-Polish Chamber of Commerce and Industry of the United States,  
American-Romanian Chamber of Commerce,  
Argentine-American Chamber of Commerce,  
Belgian Chamber of Commerce,  
British Chamber of Commerce,  
Czechoslovak Chamber of Commerce,  
French Chamber of Commerce,  
Swedish Chamber of Commerce,  
Italian Chamber of Commerce,  
Norwegian-American Chamber of Commerce,  
Portuguese Chamber of Commerce and Industry in New York,  
Pan-American Chamber of Commerce,  
Spanish Chamber of Commerce in New York,  
Franco-American Board of Commerce and Industry,  
The New York Chamber of Commerce for the Netherlands and the Netherlands East and West Indies, Inc.

#### These in San Francisco:

Chinese Chamber of Commerce,  
Holland-American Chamber of Commerce for the Pacific Coast States, Inc.,  
Italian Chamber of Commerce,  
Japanese Chamber of Commerce.

#### These in Chicago:

Czechoslovak Chamber of Commerce in America,  
Italian Chamber of Commerce.

#### Iowa Business Congress

AT THE Third Iowa Business Congress in Des Moines, April 6-8, merchandising was the chief topic. Harry A. Wheeler, of Chicago, and George W. Simmons, of St. Louis, were among the speakers.

The Congress reverses the trade extension trip by bringing the men such a trip affects together. It gathers the retail merchant, the country banker, the country newspaperman, the community Secretary, the Des Moines jobber, and Chamber official and puts them in one room for three days for a school of instruction with national speakers as teachers. Both general and Group meetings were held.



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## The Human Side of Business

By FRED C. KELLY

**D**R. EDWIN L. THORNDIKE, the Columbia University psychologist, has devised a system of intelligence tests intended to ascertain the mental abilities of prospective college students. They reveal not knowledge, understand, but mental alertness, quick wit, perception. Recently he gave these tests to fifty leading business men of an Eastern city. The results were astonishing. Not one of the business men was up to the average of the young students entering Columbia. And the general average of the business men was still further below that of the college students. Yet the business men were all regarded as the highest type, conspicuously successful. What does this indicate? I, frankly, do not know. It is not easy to believe that successful business men are less intelligent than college Freshmen. Yet, perhaps, the affairs of this workaday world do dull our senses. I wonder if it isn't alarmingly easy to go to seed. And does proficiency in one special line of thought tend to rob us of our aptitude for everything else? Are we as smart as we think we are?



When a man fails in business it may not be his fault. But, nevertheless, no matter how blameless he is for the failure, we find him less interesting than if he had succeeded. It is the same as with a divorced couple. They may have had the most excellent reasons imaginable, and may have been so in the clutch of circumstances that neither is to be censured for their troubles. Yet to many they are less attractive than if they had made a big success of their matrimonial enterprise. They tried something and failed at it. And, I repeat, no matter how good their reasons are, they can't get away entirely from the fact that they *did* fail.

Everybody loves success. We are more interested in the champion prize fighter than in the one who nearly won but failed. Indeed, failure is so unattractive, whether in business or any other field, that stopping to explain now it happened is largely a waste of time.

A man I know desired to buy his wife an automobile. He had heard her say that she craved a small runabout painted dark blue. In the course of a few days he startled an automobile dealer, a friend of his, by sticking his head in the door and inquiring: "Have you got any two-seated blue automobiles?" Learning that the dealer had one, he said: "All right, send it around to my house." Then he went on his way. A few moments later he was at the dealer's front door again long enough to inquire, just as a matter of idle curiosity:

"By the way, what make of automobile is it that you sell, and how much does it cost?"

This case is not exaggerated. It actually happened. The point is that the man knew the dealer and believed in him. He had always heard that the dealer handled a good medium grade automobile worth the price



asked. He was willing to take a chance on the dealer's reputation.

Every day we do that more times than we realize. It is the only thing we can do. The average man hasn't the time or the mechanical ability to make a thorough investigation of the actual merit of various automobiles. Similarly in buying life insurance, we do not actually go on our own judgment, but take the word of somebody we believe in to tell us what kind of policy we ought to have.

In making investments it is well nigh impossible to follow one's own judgment. The thing would be too complicated. To make a real investigation into the merit of an industrial bond, for example, might take months. And even then, lacking special training, we might not know any more than when we began. Whenever I save up enough to buy me a bond I simply write to my friend Bill Ross, who is in that business and tell him how much I've got. He sends me what he thinks I ought to have. And, as he understands such things, his judgment is far better than mine. If Bill's financial judgment or ethical standards ever go awry, I'm, of course, out of luck. But I'm obliged to take that chance. There is no getting away from the necessity, in our daily affairs, of relying on somebody's reputation. Hence the importance of acquiring such a reputation as will be the best possible asset.

Experts have learned that a column of just a certain width is ideal for reading. The eyes can take in that much without shifting their gaze along. A narrower column is wasteful in optical effort and a wider one is objectionable for another reason: the lines are then so long that it is difficult to keep track of one's place. In going from the end of one line to the beginning of the next, you get lost.

What I'm really getting at is this: The other day I started to read over my insurance policy. And I discovered that the lines in the text were about ten inches long. The text was so difficult to read on this account that I gave it up and do not know yet what the preamble to my policy says. I am wondering now if the insurance company knew I would not finish reading the policy. Is that why the lines run clear across the sheet, instead of in ordinary column width? Is there anything there that the company doesn't wish me to read?

## Our Biggest Personnel Problem

**P**RICES of most things have come down, what of the price of government?

The tired taxpayer feels that the high cost of government ought to come down but he is vague as to how it can be brought about. He hears two things preached—a national budget system and something less definite called reorganization.

Reorganization under one name or another is familiar to every business man nowadays. He realizes that the securing of an efficient working force and maintaining its efficiency somewhere near a reasonable standard is one of his major tasks of organization but he does not always appreciate that the national government has a similar problem, magnified many times. Congress itself has recognized that such a problem exists, and has faced one of the aspects of the problem by providing for a commission to study the way in



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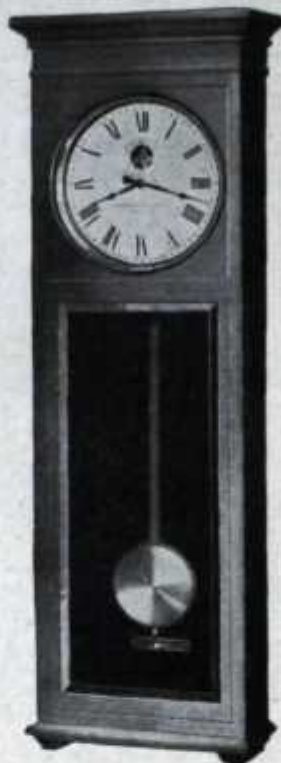
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which the salaries of federal employees are graded. This Reclassification Commission made a report to Congress in March, 1920, recommending not only a reclassification and regrading of the service, but the adoption of numerous other measures.

Nothing has yet been done with the recommendations of this commission. In the meantime, others have given a good deal of thought to this question of what is the matter with the Federal civil service. Since the passage of the Federal civil service law in 1883 the service which it was designed to protect has grown by leaps and bounds. It was then but 130,000. At the end of the year 1920 it was over 650,000. This number includes only the persons employed in the executive civil service, that is, it does not take into account the 5,550 employees of Congress and the Federal courts. It is a curious commentary on the business methods of our National Government that no one knows just how much we pay to these civil servants. Apparently, the best estimate fixes the average annual compensation of Government employees at \$1,000. If this is accepted on the first of January, 1921, our civil service salary cost was at the rate of about \$650,000,000 a year, or more than the total cost of the National Government not many years ago.

The Government, so far, has adopted a principle governing entrance into the service, but about what happens to the employee after he gets into the service Congress has displayed little concern. When it has acted, its action has usually been to cure some sin of commission of an executive official. It has said, for example, that no employee may be transferred from one department to another until he has served for three years in the first department. This was directed at the practice of some administrators who offered transfer to employees of another department at a higher salary than they were receiving.

### The Blame Not All Theirs

**BUT** that executive officials could sin so grievously was due, in no small part, to a failure of Congress itself. In some cases Congress has definitely fixed salaries. In other cases it has appropriated in lump sums and left the determination of salaries to the judgment of executive officials.

Nobody responsible for fixing salaries has had any salary standard which bears any relation to actual conditions of prevailing rates of pay or living costs. Two generations ago Congress passed a law to grade or classify the executive civil service. The salary rates fixed in this classification may have meant something in 1854. They apply to present conditions about as well as a timetable of the early fifties would serve the Twentieth Century Limited, but this classification, slightly modified, is still the law.

Since the grades merely set up a number of classes without setting forth what sort of work the classes cover, officials, with lump sum appropriations at their disposal, have gone blithely on offering such salaries as they saw fit in complete disregard of the salaries fixed for statutory employees by Congress.

Another thing grew up out of this benighted method of determining salaries. The salaries of statutory employees and of lump sum employees, fixed, as they are, by two different authorities, display amazing divergencies. Not only are no two departments alike as to salary policy but of two employees with duties as nearly alike as two peas in a pod one may be receiving a pittance and the other a decent competence. Thus the Reclassification Commission found in its investigations that

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rates of pay for employees working in the same office, and sometimes side by side, varied as much as 50 per cent.

The Reclassification Commission and the Civil Service Commission have found another thing which is causing concern. About fifteen years ago, the rate of turnover in the Federal civil service was 6 per cent. It now averages more than 40 per cent. In the Bureau of Standards, of 216 employees employed between July 1, 1917, and January 1, 1920, one hundred and ten left the service, and of the 106 who remained on January 1, 1920, only 43 were in the service prior to July 1, 1917.

With these facts a matter of record, there is now talk of a reclassification of the entire civil service. Various plans are proposed, and there are indications that Congress will act sometime. A reclassification would put down in black and white the decision of Congress, made after thorough investigation, as to what ought to be paid a newly appointed clerk doing routine work of a minor nature, how much more he should receive when he is placed on more difficult work, and the maximum which he may expect as he progresses. It will then be possible, perhaps, for Congress to permit the President, as the business manager of the Government, to lay down some executive orders, under which it will be possible to transfer employees from one department to another in the interests of the service. It is even conceivable that some business sense can be applied so that a temporary excessive demand for employees in one department may be taken care of by a shift or detail in another.

Another serious fault in the Government's employment policy is the fact that the national civil service does not offer a real opportunity for a career. The best places in the Government service go by political favor. These are the offices which have not yet been put under the civil service rules to be filled on the basis of merit. They are filled for definite terms, of four years as a rule, upon nominations sent by the President to the Senate for confirmation by the Senate, if the Senate please. They include all of the postmasterships of the first, second, and third classes, the collectors and deputy collectors of customs and internal revenue, a very large number of bureau chiefs, and the like.

### Politics the Key

SO IT comes about that the portion of the national civil service which might make public service really worth while to the ambitious is closed to any except the politically active and the politically fortunate. It costs money to provide this pleasant pasturage for the political worker. Ten years ago President Taft told Congress that if the local political offices such as postmasters and the collectors could be taken out of politics the Government would save \$10,000,000 a year.

It is not easy to picture the Federal civil service as a field offering opportunity for dramatic moves appealing to the popular imagination. It would seem, however, to be axiomatic that a civilian army of nearly three-quarters of a million is going to cost many times more than it should until Congress has made it possible to manage and maneuver the forces so that the service of every individual can be utilized to the best advantage, and until the best material that the country provides will be drawn to it as offering an opportunity for the private in the ranks some day to wear the shoulder marks of a commanding officer. There is as much need for an intelligent employment policy in the National Government as for an efficient general staff in the military service.

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## Money for Superpower

SOME months ago THE NATION'S BUSINESS outlined the plans for a superpower survey of the Boston-Washington industrial zone and told of the hoped-for savings of not less than \$300,000,000 a year. At that time questions of money were in abeyance. The first need was the plan and the proof of the economy. Once that was shown it was felt that the money, even so great a sum as \$1,250,000,000, would eventually be raised.

A recent report on the method of financing the plan recognizes the dependence of the plan "on the incentive of private initiative to lower costs and on some form of public regulation to lower prices to the consumer." In other words, "new capital is the keystone of the project, but the public demand is its foundation."

There is frank recognition in the report that this biggest of public utility projects cannot go ahead "unless the conditions of financing are sufficiently attractive to warrant the use of the country's financial resources."

The plan which has been suggested is based on the supposition that the Superpower system is an extension of present power supply systems, where, by combining several large plants with present relatively small plants, economy in generation and conservation of natural resources can be secured. Therefore, the vested rights of existing public utility power generating and distributing companies are to be protected.

The financial plan in bare outline provides for a Superpower Company with non-par stock as its only class of security. The public utilities within the Boston-Washington zone are to be entitled to subscribe for this stock pro rata, based upon capacity demand and load factors. Stock not taken by these customers is to be offered to public subscription.

A contract between the Superpower Company and a local public service company would be a selling contract or a buying contract, while in many cases both buying and selling of current would be involved. These contracts, on which the State regulatory bodies would pass, may be adjusted from time to time to meet changing conditions.

The sponsors of the plan are agreed that returns upon the stock of the Superpower Company shall be specifically limited to a fair division between the investing public and the consumers that will make it possible for the Superpower Company to come into existence, and at the same time serve the public adequately.

This division of benefits would be attained by a rule under which the customer companies shall participate equally with the stockholders in any distribution, at stated intervals, of net earnings in excess of a specified rate of return, which itself should be more liberal than is commonly contained in the idea of public regulation. This, it is planned, will put a premium on efficient management and at the same time serve the public.

To secure the participation of the ultimate consumer in this division of benefits, provision is to be made that the Superpower stock held by any public service company shall be regarded as representing an extension to its existing station capacity rather than an outside investment security.

Absolute publicity of the Superpower Company's operations will be an essential condition. Freedom of action must, however, be also sought for this company in order to promote the free flow of capital to an enterprise whose requirements will be large and continually increasing.





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## How We Cut Our Costs

By 1600 BUSINESS MEN

**W**HEN American Business began to feel things slipping, when buyers wouldn't buy even when prices went down and down, how did it meet the emergency? If something had to be thrown overboard to keep the boat afloat, what was it?

The Domestic Distribution Department of the Chamber of Commerce of the United States has been seeking the answer from some 1,600 business men, retailers, wholesalers, and manufacturers, although the questions had to do only with the distribution costs of manufacturers and all answers which dealt solely with production problems were omitted. Roughly those answers might be divided: 50 per cent manufacturers, 40 per cent retailers, and 10 per cent wholesalers. These answers have been put into pamphlet form, which may be had from the department.

The replies, for the most part, look back. They report what has been done, but a final question asked for suggestions as to how the Domestic Distribution Department might help in lowering the cost of merchandising to a normal basis. It is significant of the state of the business mind that by far the largest number of answers said: "Do something to lower freight rates."

It was natural to expect that the greatest change should be recorded in the answers to the question: "What are you doing to reduce your personnel cost to a normal basis?" The movement took the form not so much of a reduction in wages as in reduction of numbers—an increase in efficiency with a resulting cutting out of the deadwood. Only about one-fourth of the army of those who answered made any direct reduction of wages and the average decrease of those who did was about 16 2-3 per cent.

Contrast this with the 58 per cent who reduced the number of employees and who managed to do away with a fifth of their workers and it is plain where the weakness was found. In the same way about one-fifth of those who answered reported that they had done away with or reduced commissions and bonuses. How many had been in the habit of giving bonuses the answers of course do not show, but as this form of reward was partly, perhaps largely, an outgrowth of "abnormalcy," it may be fast disappearing with "normalcy."

The figures are significant but not less significant is the accompanying comment. There is proof there of a growing spirit of cooperation, of taking the employee into confidence, of "a new unionism" not of worker with worker but of employer and employee. Here are some comments that accompanied the reports:

"It is a mistake to begin to cut the cost of doing business by cutting wages. A well-paid working class with reasonable working hours, with opportunities for the right living, comfort, and recreation, will produce right thinking."

"Our belief is that it is perfectly logical to reduce wages a little less than the dollar increases in purchasing power, until a normal basis is reached. We do not believe it fair to use the present conditions as an excuse to arbitrarily reduce labor."

"The salary of the president, secretary-treasurer, as well as all the directors has been materially reduced; while we have not reduced the wages of any of the employees. Improved methods and systems that could not be installed during the 'rush' in the past two years are now being tried out with excellent results for economizing costs."

"The writer (superintendent since January 1) spent almost his entire time in personal and group interviews which have been absolutely productive.

(Continued on page 62)





AS a result of our carelessness, preventable fires cost us more than four times as much as the average of the principal European countries.

Reduce our loss to their average, by reasonable care, and in 20 years the saving would amount to over five billion dollars, or about one-fourth of our total War debt.



## It held you up for \$325,000,000 in 1919

THE only comforting thing about the grab that this hard hand takes on us is that we are all treated alike. Each year every man, woman and child in America is literally held up for tribute to their own lack of interest in a growing menace, and each year the toll is raised—

If this tax you pay each year were to earn for you immunity from the million dollar a day destruction, the charge would be reasonable, but it gives you nothing in return—it is used only to replace the wealth that fire destroyed and if the destruction is lessened the tax is lessened. That is why fire safety is clearly a matter for personal action to protect your own pocketbook.

You may not be able to prevent the ac-

cidental blaze, but this total is small compared with the conflagration that jumps from roof to roof and bites a million dollar hole in a community over night. This kind of fire is both prevalent and preventable—

*Prevalent* because there were 561 conflagrations in 1919, two every working day—*Preventable* because every roof can be made of the fire-safe mineral Asbestos,\* no matter what the architecture, and the safety that a Johns-Manville Asbestos roofing gives you is but part of its economy, for water and weather have no more effect on Asbestos than fire.

So when a man uses an all-mineral Johns-Manville Asbestos roofing he works not only for his own interest but also for the community interest and the national good.

\*Johns-Manville Asbestos Shingles for homes. Asbestos Built-Up Roofing for flat roofs. Asbestos Roofing in Rollform. Corrugated Asbestos Roofing—all fire-safe and economical.



JOHNS-MANVILLE, INC., Madison Avenue, at 41st St., New York City

Branches in 63 Large Cities

For Canada: CANADIAN JOHNS-MANVILLE CO., Ltd., Toronto

# JOHNS-MANVILLE

## Serves in Conservation



**You cannot get a truck for less money  
that will work as well or last as long  
We doubt if you can get a better truck  
no matter what price you pay  
Eleven years reliable performance  
proves the merit of Federal Trucks**

*Another*  
**FEDERAL**  
*One to Five Ton Capacities*  
**FEDERAL MOTOR TRUCK COMPANY**  
DETROIT, MICHIGAN

#### **Federals at Work**

Federal trucks serve builders well because they are built to meet the difficult requirements of the building field. The F. A. Cross Construction Company, of Oklahoma City, Oklahoma operates this Federal.



Out of 400 people we have found it necessary to adjust only one salary downward."

"Reducing salaries in such departments as were out of line, stenographers, principally. Salesmen's salaries reduced on averages of \$50 monthly, and bonus or commission offered that would replace this amount, if sales on certain higher profit bearing commodities reached stated amount. Object, increased sale on better profit bearing merchandise."

"In paying our employees we pay a bonus for sales above a fixed amount. We put it squarely up to our salesmen that they must sell at least one-fourth more goods than formerly in order to have the same value in dollars and receive the bonus."

"We not only manage business but lay off our coat and take a hand ourselves."

"Our principal method of increasing the efficiency of our employees is to take them into the firm as members as soon as they have demonstrated their right to such confidence as must necessarily be placed in them. This has never failed to get results."

Saving in publicity found a wide division of opinion. Where more than a fourth of those answering said they had cut down advertising space that reduction was in part balanced by reports from 10 per cent who found a justification for an increased use of advertising space. There was an actual increase in the use of circularizing as a means of publicity, an indication perhaps of a desire to move quickly accumulated stock.

There is an interesting note in this comment from one man:

"We reduced our advertising appropriation by 50 per cent but the signer is not sure that it was a wise move."

#### **The Effect on Advertising**

**A**LL through the comment which accompanied the answers to the questions about publicity is a note of determination not to cut off this method of selling, but to make certain of greater results. Just as the employer is calling for greater efficiency per man he is demanding greater efficiency per inch of advertising. Some of the views are here reprinted:

"We have taken no steps to reduce our advertising space, as it is our feeling that it is false economy to cut down advertising at a time when business is in need of a stimulant to keep it alive."

"We are economizing in space and size of issues but not pruning as to number of or kind of channels. Our newspaper advertisement rates have very materially increased however."

"Are making special efforts in special direct advertising, by personal sales letters, and enclosures."

"We regard our advertising rather as an investment and as business insurance than as expense. Our effort, therefore, has been to maintain an adequate all-around campaign at a minimum total cost."

"Use more mediums but smaller space with equal results. Space does not count; pounding away all the time is what tells."

"We do not feel that we should decrease publicity, if any change it should be increased."

"It is our idea that cutting the advertising would only increase the cost of selling merchandise and we believe we are right."

"We have rather added to advertising as this has always been our custom—advertise heavily when business is hard and 'go easy' when it is coming any way."

"We kept our appropriation down to bed rock during the days when there was practically no sales resistance, conserving our funds for a time when they would stand us in good stead. We feel we now owe it to our distributors and dealers and to ourselves to help keep things moving as satisfactorily as possible by securing the healthy flow of distribution, produced through consistent, well directed and forceful publicity."

"We feel there is greater sales resistance particularly on our products, at this time than before, and in consequence we are taking aggressive action in the matter of space and direct-by-mail efforts."

Surprisingly little was done by the 1,600



# DURAND STEEL RACKS



**D**URAND Steel Racks make possible any arrangement or grouping of stocks desired—regardless of the kind of goods stored.

Goods may be stocked alphabetically or according to grades or sizes, or by classifications, or by component parts, or according to catalog listing.

By means of cards in holders on bin and shelf fronts and sides a perpetual inventory may be kept with little effort.

*Write our Engineering Department if you have stockroom problems*

**DURAND STEEL LOCKER CO.**  
1571 Ft. Dearborn Bank Bldg. Chicago  
511 Park Row Bldg. New York

business men in cutting down service. A small percentage—6.39—reported decrease in delivery service while a still smaller percentage—2.02—had increased deliveries. An occasional voice is lifted against the amount of service the present day buyer demands. One man writes:

"It is ridiculous the amount of service the public receives at the hands of merchants (especially in the Western country). It is an important factor to be considered in the high cost of living. People like it but if they knew what it costs they would kick about paying for it."

"There is the text for a sermon in that last sentence especially if it be read with this from another answer:

"It costs us today 20 cents each to deliver packages, while before the war it cost us 5½ cents each."

But for the most part there was shown a reluctance to cut down service. Here are typical expressions along that line:

"We have not attempted to reduce our service in deliveries as we believe that service today more than ever before is going to be one of the strong factors in business reconstruction."

"We have made no reduction in service. I cannot see that our public is any less entitled to good service during a period of slack business than during a period of good business. As a matter of fact, the present opportunity should afford right thinking concerns an opportunity to reestablish the service that suffered so much through the inefficiency and lack of interest of employees during the war."

## Cutting Down Credits

**M**ORE than 20 per cent of those who answered had made a reduction in volume of credit business. A slightly less number had shortened the time on charge accounts, while a considerable number—more than 4 per cent of the whole—had lengthened time on this class of business. Some of the methods adopted are interesting:

"We are more lenient on credits based on moral standards than on financial."

"Closer attention and sharper action taken with credit business. Cash business being promoted by quoting liberal discounts and boosting 'cash and carry' method through circulars and salesmen."

"We are charging interest on all accounts, which run longer than the fifteenth of the month following date of purchase. This has reduced the monthly balances on our accounts approximately 25 per cent."

"No change in terms of payment of domestic accounts, but making more liberal terms of payment on export business to meet competition."

A general question as to what other means had been used to reduce costs drew forth a wide variety of replies. Stopping the little leaks has engaged as much of the business man's attention as reducing the heavier expenses. Budgets are getting much more careful attention. "Figuring out ahead what funds we will have available and planning our expenses accordingly" is the way one man puts it. Here are some other ways your neighbor has worked in cost reducing:

"Have carefully curtailed traveling expenses of men on the road by letting them work territories more closely, thereby avoiding expenses of long trips. Are carefully avoiding expense of long distance telephone and telegraph by employing mail in cases where possible."

"More care is exercised now than for the past three or four years in every item such as saving packing cases, paper, twines, etc."

"Close analysis of expenditures, and percentages should not be allowed to exceed the same percentages of sales in past years."

"We worked out a budget for expenses for each department and then took each item in detail, notified the manager of that department he must come within his budget."

(Continued on page 64)

# Modern Shops Use Alligator Lacing

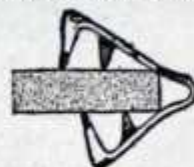
It is significant that modern shops and plants the world over are using Alligator Steel Belt Lacing. This because they find it the most economical and reliable means of belt joining.

It is also worthy of note that manufacturers of the finest grades of belting of every description urge the use of Alligator Steel Belt Lacing. Think of this.

## The Reasons

With Alligator no holes are punched in the belt to weaken the fabric. No bump stretches the belt over the pulleys. No unevenness in tension can develop after the belt is laced.

With the easily made Alligator Joint, broken, slipping and wild running belts caused by uneven lacing are avoided. Alligator permits use of either face of the belting. It saves delays and expense for others amounting to hundreds of thousands of dollars annually. These features should appeal to every executive.



Note the double staggered teeth of Alligator Lacing. The teeth pierce the belt and are clinched tightly with a hammer.



Alligator Steel Belt Lacing can be applied in an average time of three minutes. Any average workman can produce a perfect joint. No tool or equipment but a hammer needed.

This lacing in hundreds of tests has been proven the strongest on earth. It is permanent. "Never Lets Go," and is supplied in sizes to fit any belt from tape to ½-inch thickness, thus permitting a plant to standardize on Alligator Steel Belt Lacing for all belting. Investigate. Alligator belongs in your plant.

## Send for Free Book

### "Short Cuts to Power Transmission"

Let us send you one or more copies of this book. Look it over and then pass it along to your shop foreman with your recommendation. It contains authoritative data on the selection, care and use of all kinds of belting, tables, and simplified formulas for figuring out new installations and replacements, working out difficult drives according to modern practices, and also an illuminating chapter on belt lacing.

"Short Cuts" is in use in a number of nationally recognized Technical and Engineering schools, supplied to them upon request as the most complete practical book of the sort ever written.

Suggest the idea of using Alligator to your own superintendent.



Reg.  
U. S. Pat. Office

**FLEXIBLE STEEL LACING CO.**

4626 Lexington St., Chicago, Ill.

125 Finsbury Pavement, E. C., London

**FLEXIBLE STEEL LACING CO.,**

4626 Lexington Street, Chicago

125 Finsbury Pavement, E. C., London

Gentlemen: Without obligation, kindly send me price lists and complete details on Alligator Steel Belt Lacing and indicate convenient source of supply. Also your book, "Short Cuts to Power Transmission."

Firm Name \_\_\_\_\_

Address \_\_\_\_\_

Name of Inquirer \_\_\_\_\_



# A New Development



WABCO

## PACKING CUPS

For Pneumatic and Hydraulic Machinery

ELIMINATE LEAKAGE

OUT-WEAR ALL OTHERS

**W**ABCO Cups and U's for cylinders and valves are the result of exhaustive investigation and research to find a stronger and more durable packing material than leather, which has been the best obtainable for common usage heretofore.

Fifty years of experience with the finest leather in millions of air brake cylinders on steam and electric railways all over the world convinced us that the development of a new material, overcoming the natural limitations and drawbacks of leather, would greatly increase the efficiency of pneumatic equipment, in addition to reducing hazards and expense of operation. We acted accordingly, experimenting with innumerable compounds and mixtures, until we discovered and perfected WABCO, the material we were seeking—a superior packing not only for pneumatic devices, but for all types of hydraulic machinery as well.

WABCO is a non-porous composition of unusual strength and wearability; air-tight; oil and waterproof; equally efficient and effective at all atmospheric temperatures; molded in one piece; made with sufficient resiliency and "body" to maintain a firm bearing against the cylinder wall; never becomes limp or flabby.

WABCO lasts longer than leather and is insurance against annoying losses of time and production through impaired machinery during busy operations. Manufacturers desiring to eliminate packing worries are invited to submit their blue-prints.

**The Westinghouse Air Brake Co.**

General Office and Works, Wilmerding, Pa.

"Fourteen Miles East of Pittsburgh"

New York  
San Francisco

Washington, D. C.  
Pittsburgh

Chicago  
St. Louis

"We are increasing our business by taking smaller profits and thereby receiving greatly increased volume."

"Cutting out entertainment, traveling and other incidental expenses, scrutinizing telegrams, long distance messages, postages and creating short cut methods where possible."

"Eliminating some of the extravagant habits contracted during the period of hysteria."

"This firm is putting in a complete cost accounting system and finding it a great factor in reducing costs."

"Our costs are being reduced by forced liquidation of merchandise based on replacement values."

"We are jobbers and have made many reductions regardless of the replacement value, and reductions in price have been for the purpose of reducing our stock, as we anticipate a further decline and we are doing everything in our power to dispose of such items on which we have an abnormal stock."

"Expenses being reduced by: Unification of files and mail; unified reading of mail, eliminating duplications; elimination of individual stenographers and establishment of unit; use of intra-office memo, eliminating typed memos; close supervision over office supplies, stationery, laundry, electric lights, etc.; insisting upon punctuality; survey made of all office equipment to eliminate purchases."

"Ten per cent is saved by eliminating errors, duplicate work, better service and care in handling stock, accounts, sales, wear and tear on equipment, trucks, wagons, etc."

"We have reduced our merchandise stock and are saving storage 25 per cent. Also reduced our loans to almost nil and have cut down our interest expense 30 per cent."

### A Pioneer of World Farming

**W**HILE the Southern Commercial Congress paid tribute in Washington recently to the memory of David Lubin, founder of the International Institute of Agriculture, delegates from sixty-one countries now united in this economic League of Nations unveiled in Rome a commemorative tablet.

For a long time Lubin, an American, was a prophet not without honor save in his own country. The Southern Commercial Congress was first to give him substantial support here. It was necessary for him to go far afield after administrative officials and legislators in Washington had rejected his plan and after he had been rebuffed in France, before he procured from the King of Italy approval and a building and an annual income of \$60,000 for the International Institute.

Afterward Lubin introduced the rural credits question in the United States, and so through the Federal Farm Loan Act made liquid forty billions of wealth by the establishment of a system of long-time finance for American agriculture. He was also responsible for the introduction in Congress of the proposal for an international convention to establish a Commission on Merchant Marine; for the presentation in Congress in 1916 of a measure for improving the parcels post service so as to promote direct dealing between producers and consumers.

It seems strange to associate international crop reports with ancient Rome, but it was there that the work was inaugurated which is to be supplemented and enlarged through the International Chamber of Commerce in Paris. The work is in line with the thought of Herbert Hoover, who has said that the Department of Commerce under his administration may take a useful part in the collection and dissemination of the facts of world production and consumption.

Thus Lubin's vision, which at first met little but amused silence in this country, is coming to its fruition.



David Lubin, who had amassed a fortune as a California business man, retired about fifteen years ago and then came to Washington with his plan for a world federation based on agriculture. Unable to interest cabinet members and members of Congress, he journeyed to France, where a second failure awaited him. It was not until he obtained a personal interview with King Victor Emmanuel of Italy that he won active support. After that the United States, France, and the other nations of the earth were brought to recognition of his plans.

A concrete illustration may be given of the value of the institute: The United States Department of Agriculture announced in 1914 that the United States had overproduced wheat. A few days later Lubin, through the International Institute at Rome, was able to announce that in every other wheat producing country in the world there was a shortage. The effect of this information on the trade situation throughout the world was immediate.

When Lubin undertook to provide long-time credits for farmers in the United States, Woodrow Wilson introduced in Congress the administrative measure and Secretary McAdoo lent it his favorable support. Lubin came to America in 1912, and at Nashville guided the discussion prior to the introduction of the bill under the auspices of the Southern Commercial Congress. The Democratic, Republican, and Progressive parties indorsed it in their platforms, and so did the various farmers' organizations. When Mr. Wilson signed the bill, Lubin was present at his invitation, and the two were photographed together.

## A Flying Squadron of Industry

By H. E. BLYTHE

Manager of Personnel, Goodyear Tire and Rubber Company

NO ONE realized, when we organized a Flying Squadron to balance production in the Akron plant of the Goodyear Tire and Rubber Company, how important it would become. We could not foresee that it would reduce to a minimum labor turnover among its members, and prove an invaluable aid in meeting problems of industrial management.

In the rubber industry the flow of material and product from one department to another is almost continuous. Due to the aging and deteriorating of rubber in the raw state, one department cannot run out a stock weeks or months ahead of the subsequent departments. This makes the problem of scheduling and dispatching difficult. If a department is thrown off its schedule, due to a labor condition, scarcity of men, or absenteeism, each department which follows this operation is affected automatically, and the loss of time, product, and money becomes large.

The old way of guarding against this loss was to keep more men in the departments than were actually needed. This was expensive and clumsy. It was to solve the problem that some men were organized seven years ago into what has come to be known as "The Flying Squadron." The organization has grown from the original fifty men to a maximum of 1,247. Experience has taught us that about ten per cent of the total hourly working force is essential to render the service required.

Thus all surplus labor was placed in one

## Our Third London Office Alexandra House, Kingsway

ON Kingsway, where many American business interests in London are now centering, this Company has opened its third London office. It enables us to extend still further our service to British and American business houses.

Like our other offices in England and on the Continent, our Kingsway office offers a complete banking service.

The Company now has three offices in London, and one each in Paris, Brussels, Liverpool, Havre and Constantinople. All of these offices—being familiar with European business conditions and conducted along American lines—are in an especially favorable position to serve American business houses and travelers.

A connection can be established with any of these offices direct, or through our New York offices. The range of service is exceptionally broad. It embraces every banking function; the furnishing of trade and travel information; assistance in establishing commercial relations; the collection of income and the care of securities abroad; and other services.

We shall be pleased to send you a copy of our booklet, *How Business with Foreign Countries Is Financed*, which gives detailed information as to our facilities.

## Guaranty Trust Company of New York

NEW YORK  
LIVERPOOL

LONDON  
HAVRE

PARIS  
CONSTANTINOPLE

Capital and Surplus	-	-	-	-	\$50,000,000
Resources more than	-	-	-	-	\$800,000,000





## The road back to health

As convalescents gaze from the valley of sickness to the pleasant heights of health, the road appears steep and devious. They deserve sympathy and consideration; they need care. As a rule, if returning well-being is not retarded by constipation, the path grows increasingly straight and the journey ever less taxing.

Because of inactivity and lowered vitality, convalescents, invalids, and all sick people, as well as nursing mothers, are especially subject to constipation. To win back health, the body must be kept free from the drag of poisons generated by constipation. The body fights against these toxins, but in its weakened state the struggle is often unequal. Recovery of health is slow or the patient loses ground.

### Approved by Doctors

Nujol is widely recommended by physicians to train the bowels to evacuate regularly and thoroughly. It is especially valuable for use by convalescents, invalids, and those of enforced sedentary habits, because it works gently without strain or nausea.

### Action Unlike Cathartics

Nujol does not irritate or force the weakened system of the invalid—it simply softens the food waste. This enables the many tiny muscles in the walls of the intestines, contracting and expanding in their normal way, to eliminate the food waste naturally from the system. Nujol helps Nature maintain easy, thorough bowel evacuation at regular intervals—the healthiest habit in the world.

Nujol is absolutely harmless and pleasant to take. It is especially valuable in cases of sickness, debility or convalescence.

**Nujol**  
SEE US AT THE  
**For Constipation**

*Nujol is sold by all druggists in sealed bottles only, bearing the Nujol trade mark.*

Nujol Laboratories, Standard Oil Co., (New Jersey), Room 722-1 44 Beaver Street, New York.  
(In Canada send to Nujol, 22 St. Francois Xavier Street, Montreal.)

Please send me booklets marked:

- ☐ "Constipation—Auto-Intoxication in Adults"  
☐ "Constipation in Pregnancy and Nursing" ☐ "Constipation in Advanced Years"

Name.....Address.....

group. These men could be shifted about to balance production. A few absentees in a department did not interrupt to any great extent the flow of material and product.

This is the service that was originally expected of the squadron, and if it had done nothing more, the result would have been satisfactory. But it has done a great deal more. It has added another function which is none the less important: that of development of men. In this respect the Flying Squadron has become a training school for executives. It has furnished many trained men for the production department, who are now inspectors and foremen, and even division superintendents. It has also furnished many men for the staff departments and even for the sales department. The managers have come to look upon the Squadron as the first source of good men. Then, too, these men, to an extraordinary degree, work with a spirit and breadth of vision. And their attitude of enthusiasm and cooperation has toned up the whole factory.

The Flying Squadron course covers a period of three years, at the end of which time the men are graduated with a degree of Master Rubber Worker. For the first three to six months after joining the Squadron, the men are used exclusively for balancing production. That is, they are put wherever they happen to be needed most, without special regard for their training. This period of probation serves two purposes: it gives the men an opportunity to become familiar with a number of departments of the business in a short time, and it enables the management to size up the men.

### They Are All-Around Men

AFTER this period the men are placed on a regularly outlined course, which completes all the important operations in the factory in about a year. Thus, the men are made as useful as possible and the cost of training is kept at a minimum during the remainder of their course. Also, the need is sometimes so great for men in supervisory positions that workers are taken from the Flying Squadron before the completion of their course. These men then have covered the major operations of production and their training is of vastly more value. The specialized training in departments where they are best suited, and in which they will in all probability work in the future, is given during the last period of the course.

The Squadron men receive special training, both mentally and physically, six hours per week. Class instruction varies considerably because of the difference of the previous schooling of the men, from the average graded school education to the college man with a master's degree.

Thus the Squadron man has come to look for his compensation from two sources; what he earns and what he learns. At no time have the earnings of the Squadron man equaled those of the average pieceworker. Yet there is no more satisfied and loyal employee, and the labor turnover on the Squadron is about one-eighth that elsewhere in our factory.

This brings to mind that the solution of the labor problem is not through the pay envelope. The workingman of today wants an opportunity. He wants to be able to see ahead of him something besides the drudgery of doing over and over again the same operation, day in and day out.

The Flying Squadron is founded upon this principle. Its members have sacrificed earnings for the chance to learn, because of the opportunity it affords.





Pennsylvania Railroad—New York Terminal



Central Limones, Cuba

New York, New Haven &amp; Hartford R. R.



Italian State Railways



## World-Wide Electrification

Electricity has demonstrated its success in railroad transportation. All existing electrifications point the way to greater accomplishments.

The flexibility and utility of electric power is destined to be the controlling factor in the development of our country's transportation requirements.

Experience with this subject points to the necessity of careful and open-minded study of the particular installation for which the plans are being made.

Recommendations of Westinghouse engineers are based on thorough study and analysis of the operating conditions. Into such studies are drawn not only railroad

engineers familiar with the problem, but also the broad ability and experience of consulting engineers.

Westinghouse engineers, the pioneers in high-voltage electrification in this country, coupled with the broad experience of The Baldwin Locomotive Company and The Westinghouse Air Brake Company, insure a most comprehensive solution of all electrification problems the world over.

Baldwin-Westinghouse electric locomotives are operating on most of the major electrifications in this country as well as in Sweden, Italy, France, Japan, Brazil, Cuba and other countries where their great value has been fully realized.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY

Offices in all Principal Cities . Representations Everywhere

# Westinghouse

ELECTRIC LOCOMOTIVES, LINE AND POWER PLANT EQUIPMENT





## Labor Turnover Lessened Through Good Housing



"THE MINTER SYSTEM OF BUILDING—INDUSTRIAL HOUSING SIMPLIFIED" tells the story of the Minter System in detail, picturizing every phase from preliminary work to finished erection. Sent upon request to Executives.

A HIGH rate of labor turnover means a waste of time and money in employing, paying-off and re-employing labor, not to mention the lessened degree of efficiency in the plant.

Satisfied and permanent workmen increase profits because they lessen the rate of labor turnover, and satisfied and permanent workmen are the result of *good housing conditions*.

The MINTER SYSTEM OF BUILDING lessens labor turnover through providing comfortable, sanitary, livable homes. And the Minter System simplifies your proposition because it supplies industrial homes upon a basis of *economy and predetermined costs*.

Investigate the Minter System. See how it will lower your rate of labor turnover.

## The Minter System of Building

MINTER HOMES CORPORATION  
Huntington, West Virginia

THE MINTER HOMES COMPANY  
Greenville, South Carolina



# Good Things from 9 Climes poured into a Single Glass!

Coca-Cola was created to appeal to taste with a distinct and inimitable flavor.

Coca-Cola is made delicious and refreshing to satisfy thirst.

Coca-Cola is prepared with the finished art that comes from a lifetime of practice.



Harvesting cane for sugar.

Sweetened and made nutritious with pure cane sugar—

Flavored with a perfect blend of choicest saviors—

Colored with the dark amber of caramel—

Alive with the bubbles of sparkling, pure water that



The glass that answers thirst.

come to a head at the top—

Coca-Cola is an unequalled combination of good things from Mother Nature that flower and come to fruit in the sunshine of nine different climes—nine different countries.

An average of approximately 6,000,000 glasses and bottles of Coca-Cola is sold every day. That's why dealers are able to multiply profits by turn-overs in Coca-Cola syrup at a rate



Ships from nine countries.

which is a pace-maker for successful merchandising—how thousands of prosperous businesses have been built up with small investments—an unanswerable argument for selling Coca-Cola at the lowest possible price to develop the largest possible volume of business—the cause for the public in general knowing the inimitable quality of Coca-Cola and being supported by the highest court in the land in demanding that the genuine always be served—why the legend below is a sign of popularity.

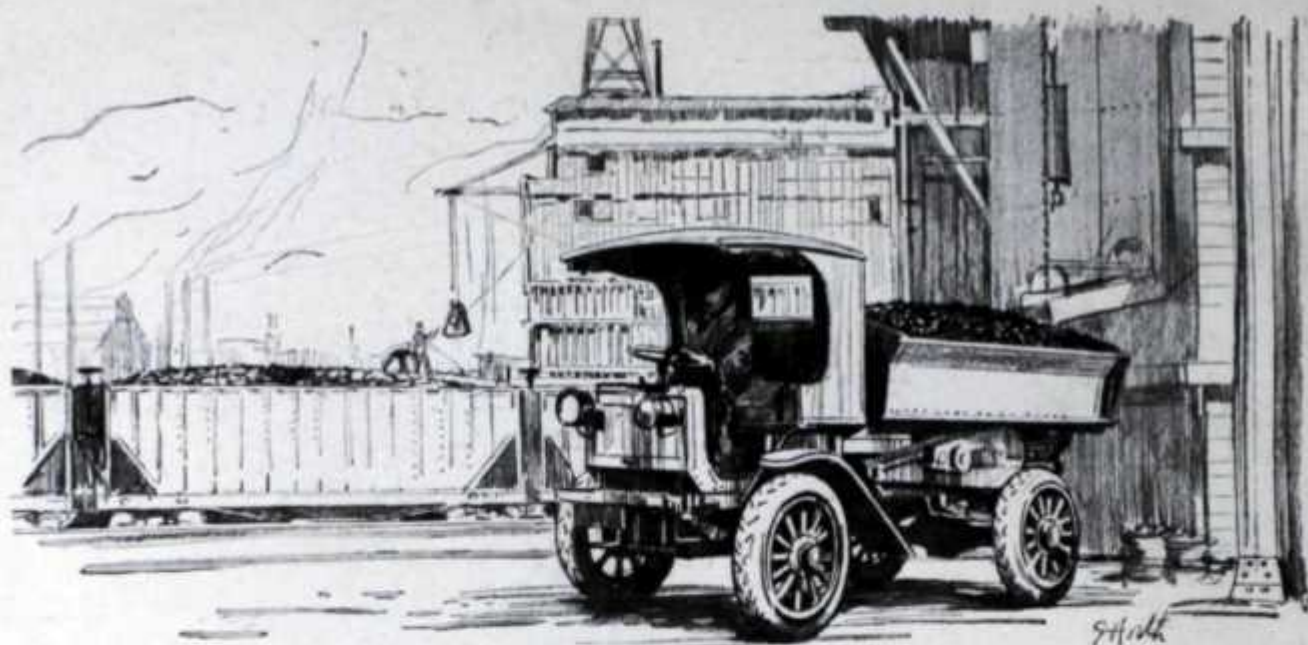


A lemon grove—one source of Coca-Cola.

Drink  
**Coca-Cola**

DELICIOUS AND REFRESHING  
THE COCA-COLA COMPANY, ATLANTA, GA.





## More than 1200 coal companies operate Autocar motor trucks

Because the distinctive principles of Autocar design and maintenance make for economy and continuity of transportation, more than 1200 coal companies now operate Autocars. Many of them own large Autocar fleets.

Autocar short wheelbase construction makes maneuvering easy in the restricted spaces where coal is ordinarily delivered. It economizes time in traffic, at loading bins and at delivery points.

The light weight of the Autocar chassis effects operating economies. Yet its construction is so sturdy as to assure long life and ability to stand severe strains.

Direct factory branches owned and operated by The Autocar Company provide complete local facilities for Autocar upkeep. Write for the Autocar book of owners—a directory of leaders in all lines of business.

<b>1½-2 Ton Chassis</b>	
\$2300.	97-inch wheelbase
\$2400.	120-inch wheelbase
<b>Heavy Duty Chassis</b>	
\$4350.	120-inch wheelbase
\$4500.	156-inch wheelbase
<small>(All Prices F. O. B. Ardmore, Pa.)</small>	

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